

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

Date of Closing: April 15, 1987

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

- |   |   |
|---|---|
| 1 | Bond and Notes Resolution                   |
| 2 | Supplemental Resolution                     |
| 3 | Loan Agreement                              |
| 4 | Supplemental Loan Agreement                 |
| 5 | Public Service Commission Orders            |
| 6 | Cross-Receipt for Bonds and Bond Proceeds   |
| 7 | Direction to Authenticate and Deliver Bonds |
| 8 | Specimen Series 1987 A Bond                 |
| 9 | Specimen Series 1987 B Bond                 |

OPINIONS OF COUNSEL

- |    |   |
|----|---|
| 10 | Approving Opinion on Series 1987 A Bond of<br>Steptoe & Johnson, Bond Counsel |
| 11 | Approving Opinion on Series 1987 B Bond of<br>Steptoe & Johnson, Bond Counsel |
| 12 | No Arbitrage Opinion of Steptoe & Johnson,<br>Bond Counsel                    |
| 13 | Opinion of Counsel to Issuer  |

CERTIFICATES

- |    |  |
|----|--|
| 14 | General Certificate of Issuer and Attorney |
|----|--|

- 15            Certificate as to Arbitrage
- 16            Engineer's Certificate
- 17            Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

- 18            County Commission Order Creating District
- 19            County Commission Orders Appointing Current Board Members
- 20            Oaths of Office of Current Board Members
- 21            Rules of Procedure of Board
- 22            Minutes of 1987 Organizational Meeting of Board
- 23            Affidavit of Publication of Notice of Borrowing and Filing of PSC Application
- 24            Minutes on Adoption of Bond and Notes Resolution and Supplemental Resolution
- 25            IRS Information Return (Form 8038-G)

MISCELLANEOUS DOCUMENTS

- 26            EPA Grant Agreement, with Part B Amendment
- 27            WDA Grant Agreement
- 28            Acceptance by Kanawha Valley Bank, National Association, of Duties of Registrar
- 29            Acceptance by The First Huntington National Bank, of Duties of Depository Bank
- 30            Certificate of Registration of Bonds
- 31            Registrar's Agreement

MISCELLANEOUS DOCUMENTS (continued)

32 NPDES Permit

33 Assignment Separate From Bond

04/07/87

SROCK1-A



SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B  
and  
SEWERAGE SYSTEM  
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES RESOLUTION

Table of Contents

<u>Subject</u>	<u>Page</u>
ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS	
Section 1.01    Authority for this Resolution	1
Section 1.02    Findings	1
Section 1.03    Bond Legislation Constitutes Contract	3
Section 1.04    Definitions	4
ARTICLE II - AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT	
Section 2.01    Authorization of Construction and Acquisition of the Project	15
ARTICLE III - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT	
Section 3.01    Authorization of Bonds	16
Section 3.02    Terms of Bonds	16
Section 3.03    Execution of Bonds	17
Section 3.04    Authentication and Registration	17
Section 3.05    Negotiability, Transfer and Registration	17
Section 3.06    Bonds Mutilated, Destroyed, Stolen or Lost	18
Section 3.07    Bonds not to be Indebtedness of the Issuer	19
Section 3.08    Bonds Secured by Pledge of Net Revenues; Series 1987 B Bonds to be Junior and Subordinate to Series 1987 A Bonds	19
Section 3.09    Form of Original Bonds	19
FORM OF SERIES 1987 A BOND	20
FORM OF SERIES 1987 B BOND	27

<u>Subject</u>	<u>Page</u>
Section 3.10 Sale of Original Bonds; Ratification of Execution of Loan Agreement with Authority	34
ARTICLE IV - INTERIM CONSTRUCTION FINANCING	
Section 4.01 Authorization and General Terms	35
Section 4.02 Terms of and Security for Notes; Trust Indenture	35
Section 4.03 Notes are Special Obligations	35
Section 4.04 Letters of Credit	35
ARTICLE V - SYSTEM REVENUES AND APPLICATION THEREOF	
Section 5.01 Establishment of Funds and Accounts with Depository Bank	37
Section 5.02 Establishment of Funds and Accounts with Commission	37
Section 5.03 System Revenues; Flow of Funds	37
ARTICLE VI - BOND PROCEEDS; FUNDS AND ACCOUNTS	
Section 6.01 Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	43
Section 6.02 Disbursements from the Bond Construction Trust Fund	44
ARTICLE VII - ADDITIONAL COVENANTS OF THE ISSUER	
Section 7.01 General Covenants of the Issuer	46
Section 7.02 Bonds and Notes not to be Indebtedness of the Issuer	46
Section 7.03 Bonds Secured by Pledge of Net Revenues	46
Section 7.04 Initial Schedule of Rates and Charges	47
Section 7.05 Sale of the System	47
Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	48
Section 7.07 Parity Bonds	49
Section 7.08 Books and Records	51
Section 7.09 Rates	52
Section 7.10 Operating Budget and Audit	53
Section 7.11 No Competing Franchise	54
Section 7.12 Enforcement of Collections	54
Section 7.13 No Free Services	54
Section 7.14 Insurance and Construction Bonds	55
Section 7.15 Mandatory Connections	56
Section 7.16 Completion of Project	57
Section 7.17 Tax Covenants	57
Section 7.18 Statutory Mortgage Lien	57

<u>Subject</u>	<u>Page</u>
ARTICLE VIII - INVESTMENT OF FUNDS; NON-ARBITRAGE	
Section 8.01 Investments	59
Section 8.02 Arbitrage	59
Section 8.03 Rebates of Excess Arbitrage Earnings	60
ARTICLE IX - DEFAULT AND REMEDIES	
Section 9.01 Events of Default	61
Section 9.02 Remedies	61
Section 9.03 Appointment of Receiver	62
ARTICLE X - DEFEASANCE	
Section 10.01 Defeasance of Series 1987 A Bonds	64
Section 10.02 Defeasance of Series 1987 B Bonds	65
Section 10.03 Defeasance of Notes	66
ARTICLE XI - MISCELLANEOUS	
Section 11.01 Amendment or Modification of Bond Legislation	67
Section 11.02 Bond Legislation Constitutes Contract	67
Section 11.03 Severability of Invalid Provisions	67
Section 11.04 Headings, Etc.	67
Section 11.05 Conflicting Provisions Repealed	67
Section 11.06 Covenant of Due Procedure, Etc.	68
Section 11.07 Public Notice of Proposed Financing	68
Section 11.08 Effective Date	69
SIGNATURES	69
CERTIFICATION	70
EXHIBIT A	71

03/30/87  
SROCK2-B

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

BOND AND NOTES RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF SALT ROCK SEWER PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 A, NOT MORE THAN \$400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B, AND NOT MORE THAN \$6,500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SALT ROCK SEWER PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:



A. Salt Rock Sewer Public Service District (the "Issuer") is a public service district and political subdivision of the State of West Virginia in Cabell County of said State.

B. The Issuer does not presently own or operate a public sewage treatment, collection and transportation system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain sewerage facilities of the Issuer (the "Project") which constitute properties for the treatment and collection of liquid or solid wastes, sewage or industrial wastes (the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$7,803,550, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$2,400,000 in two series, being the Series 1987 A Bonds in the aggregate principal amount of not more than \$2,000,000, and the Series 1987 B Bonds in the aggregate principal amount of not more than \$400,000 (collectively, the "Bonds"), and (at the option of the Issuer) to issue contemporaneously therewith, or as soon as practicable thereafter, its sewerage system grant anticipation notes, or a note or notes evidencing a line of credit, or both (collectively, the "Notes") in the aggregate principal amount of not more than \$6,500,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering, and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the

construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") both dated March 30, 1987, entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, and attached hereto as "Exhibit A," and made a part hereof.

G. There will not be outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The Series 1987 B Bonds shall be junior and subordinate to the Series 1987 A Bonds as set forth herein. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes. The Issuer has outstanding its Sewerage System Design Notes, Series 1985, dated June 1, 1985, in the principal amount of \$572,000 (the "Design Notes"). The Design Notes and all interest accrued thereon shall be paid prior to or concurrently with issuance and delivery of the Bonds.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes by those

who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds and Notes, respectively, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series and between any one Note and any other Note, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly appointed by the Governing Body.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

"Bondholder," "Holder of the Bonds," "Holder" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Bond Legislation," "Resolution," "Bond and Notes Resolution" or "Local Act" means this Bond and Notes Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means the Original Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

"Chairman" means the Chairman of the Governing Body of the Issuer.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineers" means Dunn Engineers, Inc., Charleston, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02(D) hereof to be a part of the cost of construction and acquisition of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from EPA Grant Receipts, the total of which are equal in amount to the EPA Grant.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" or "Board" means the public service board of the Issuer, as may hereafter be constituted.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

"Grant Agreement" means a written commitment for the payment of the EPA Grant or any of the Other Grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which Grant is to be paid to the Issuer; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of the Notes; provided that "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant and the Other Grants, as hereinafter defined.

"Gross Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(iii) Sinking fund proceeds, namely, amounts, other than original proceeds or investment proceeds (as referenced in

clauses (i) and (ii) above) of the Bonds, which are held in the Sinking Funds and any other fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service on the Bonds;

(iv) Investment Property pledged as security for payment of Debt Service on the Bonds by the Issuer;

(v) Amounts, other than as specified in this definition, used to pay Debt Service on the Bonds; and

(vi) Amounts received as a result of investing amounts described in this definition.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined, and for the furnishing by the Issuer of miscellaneous service.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Indenture" or "Trust Indenture" means the Trust Indenture which may be entered into between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

"Independent Certified Public Accountants" shall mean any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes.

"Issuer" means Salt Rock Sewer Public Service District, in Cabell County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, both dated March 30, 1987, heretofore entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer ratified by, this Resolution or a resolution adopted by the Issuer prior to the adoption of this Resolution.

"Net Proceeds" means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Accounts.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Noteholder," "Holder of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" or "GAN" means collectively, the not more than \$6,500,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than \$6,500,000 in aggregate principal amount of a note or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by Section 4.02 of the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by Section 4.01 of the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture or the Supplemental Resolution and its successors and assigns.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar, Paying Agent and the Trustee (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than \$2,000,000 in aggregate principal amount of Series 1987 A Bonds and the not more than \$400,000 in aggregate principal amount of Series 1987 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event grant anticipation notes are issued, G. L. Cottrill & Company, Inc., of Morgantown, West Virginia, or such other original purchaser of the Notes as shall be named in a resolution supplemental hereto, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means collectively, the WDA Grant and any other grant hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds theretofore and thereupon being delivered or all Notes theretofore and thereupon being authenticated and delivered except (i) any Bond or Note cancelled by the Bond Registrar, or Notes Registrar, at or prior to said date; (ii) any Bond or Note for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be in trust hereunder or under the Indenture, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Note deemed to have been paid as provided in Article X hereof or Article VIII of the Indenture, as



applicable; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, any Bonds or Notes registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of a sewage treatment plant, collection lines and all necessary appurtenances.

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley

Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such

collateral must be free of all claims by third parties;

(h) The Investment Agreement which, in the event Notes are issued, may be entered into by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution;

(i) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(j) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Registered Owner," "Noteholder," "Bondholder," "Holder" or any similar term means whenever used herein with respect to an outstanding Bond, Note, Bonds or Notes, the person in whose name such Bond or Note is registered.

"Registrar" means as appropriate, either the Bond Registrar or the Notes Registrar or both.

"Regulations" means temporary temporary and permanent regulations promulgated under the Code.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 1987 A Bonds" or "Series A Bonds" means the not more than \$2,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 A, of the Issuer.

"Series 1987 A Bonds Reserve Account" means the Series 1987 A Bonds Reserve Account established in the Series 1987 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1987 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1987 A Bonds in any year.

"Series 1987 A Bonds Sinking Fund" means the Series 1987 A Sinking Fund established by Section 5.02 hereof.

"Series 1987 B Bonds" or "Series B Bonds" means the not more than \$400,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 B, of the Issuer.

"Series 1987 B Bonds Reserve Account" means the Series 1987 B Bonds Reserve Account established in the Series 1987 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1987 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1987 B Bonds in any year.

"Series 1987 B Bonds Sinking Fund" means the Series 1987 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale of the Notes or the Original Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Notes or the Original Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including the Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Issuer, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

"WDA Grant" means the grant from the Authority pursuant to the commitment therefor.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION  
AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of \$7,803,550, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1987 A Bonds, funding a reserve account for each series of Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$2,400,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1987 A," in the aggregate principal amount of not more than \$2,000,000, and "Sewer Revenue Bonds, Series 1987 B," in the aggregate principal amount of not more than \$400,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as

applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial



Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost.  
In any case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond

shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1987 B Bonds to be Junior and Subordinate to Series 1987 A Bonds. The payment of the debt service of all the Series 1987 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1987 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1987 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1987 A Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1987 A

No. AR-\_\_\_\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK SEWER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ (\$ \_\_\_\_\_), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning \_\_\_\_\_ 1, 19\_\_\_\_. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated \_\_\_\_\_, 198\_\_.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation facilities of the Issuer (the "Project") (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for approximately \_\_\_\_\_ months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on \_\_\_\_\_, 1987 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1987 B, of the Issuer (the "Series 1987 B Bonds"), issued in the aggregate principal amount of \$\_\_\_\_\_, which Series 1987 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1987 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1987 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Series 1987 B Bonds, and all other obligations secured by or payable from such revenues prior

to or on a parity with the Bonds or the Series 1987 B Bonds, provided however, that so long as there exists in the Series 1987 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for the Series 1987 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1987 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, SALT ROCK SEWER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated \_\_\_\_\_, 1987.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: \_\_\_\_\_

KANAWHA VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar

By \_\_\_\_\_  
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE



[Form of Assignment]

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:

\_\_\_\_\_

[Form of Series 1987 B Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1987 B

No. BR-\_\_\_\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK SEWER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ (\$ \_\_\_\_\_), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated \_\_\_\_\_, 198\_\_.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and transportation facilities of the Issuer (the "Project"); (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on \_\_\_\_\_, 1987 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for

the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1987 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1987 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1987 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Bonds, the Series 1987 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1987 B Bonds Reserve Account and the reserve account established for the Series 1987 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1987 A Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of Kanawha Valley Bank, National Association,

Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements as set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1987 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1987 A, OF THE ISSUER (THE "SERIES 1987 A BONDS"), ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE BOND LEGISLATION.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, SALT ROCK SEWER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated \_\_\_\_\_, 1987.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: \_\_\_\_\_

KANAWHA VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar

By \_\_\_\_\_  
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:

\_\_\_\_\_



Section 3.10. Sale of Original Bonds; Ratification of Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution is hereby authorized, ratified and approved.

## ARTICLE IV

### INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$6,500,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or supplemental resolution, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the Grant Receipts, Surplus Revenues, letter of credit proceeds, if any, and other sources described in the Indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed \$1,500,000 in the aggregate. In the event of a draw under

any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

## ARTICLE V

### SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

- (1) Series 1987 A Bonds Sinking Fund;
  - (a) Within the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account.
- (2) Series 1987 B Bonds Sinking Fund;
  - (a) Within the Series 1987 B Bonds Sinking Fund, the Series 1987 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first, each month, pay from the Revenue Fund the Operating Expenses of the System.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1987 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1987 A Bonds Sinking Fund, a sum

equal to 1/6th of the amount of interest which will become due on said Series 1987 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1987 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1987 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Reserve Account, if not fully funded upon issuance of the Series 1987 A Bonds, an amount equal to 1/120 of the Series 1987 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1987 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1987 A Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1987 A Bonds Reserve Account. All funds in the Renewal and

Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1987 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account has not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1987 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Reserve Account, if not fully funded upon issuance of the Series 1987 B Bonds, an amount equal to 1/120 of the Series 1987 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1987 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1987 B Bonds Reserve Requirement.

Moneys in the Series 1987 A Bonds Sinking Fund and the Series 1987 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall

become due. Moneys in the Series 1987 A Bonds Reserve Account and the Series 1987 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, for deposit in the Revenue Fund, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1987 A Bonds Reserve Account which result in a reduction in the balance of the Series 1987 A Bonds Reserve Account to below the Series 1987 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1987 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1987 B Bonds Reserve Account which result in a reduction in the balance of the Series 1987 B Bonds Reserve Account to below the Series 1987 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1987 B Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the Bonds of such series, including such additional Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1987 A Bonds Sinking Fund, or the Series 1987 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided (including deposits on account of any completion bonds), are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund, as defined in the Indenture.



C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due.

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates.

F. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

G. The Gross Revenues of the System shall only be used for purposes of the System.

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

... and thereafter ...  
... Notes ...  
... Bond Construction Trust Fund may be used ...  
... written consent ...

Sharon  
VINCENT A. COLLINS  
ATTORNEY AT LAW

STEPTOE & JOHNSON  
P. O. BOX 2190  
UNION NATIONAL CENTER EAST  
CLARKSBURG, WEST VIRGINIA 26301

161  
(304) 624-8000

AND ACCOUNTS

Section 6.01. Application of Bond Proceeds; Pledge of  
Unexpended Bond Proceeds. From the moneys received from the sale of  
any or all of the Original Bonds, the following amounts shall be  
first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1987 A Bonds, there shall first be paid the Design Notes, and any and all other borrowings by the Issuer, if any, made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

B. From the proceeds of the Series 1987 A Bonds, there shall next be deposited with the Commission in the Series 1987 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1987 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 1987 A Bonds, there shall be deposited with the Commission in the Series 1987 A Bonds Reserve Account and from the proceeds of the Series 1987 B Bonds, there shall be deposited with the Commission in the Series 1987 B Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

D. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in this Bond Legislation and, with the written consent of the Authority, the Indenture (if any). Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1987 A Bonds, and thereafter for the Series 1987 B Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

Section 6.02. Disbursements from the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance of the Original Bonds which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

(A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1987 A Bonds Reserve Account, and when fully funded to the Series 1987 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on



## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.04 and Section 7.09 shall not be applied to the Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1987 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System and payment of the debt service of the Series 1987 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1987 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the

Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in Appendix B to the Order of the Public Service Commission of West Virginia entered February 3, 1987 (Case No. 86-299-S-CN).

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds and Notes, if any, Outstanding, or to effectively defease this Resolution in accordance with Section 10.01 hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution or Indenture, prior thereto.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the

Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07 B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1987 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and

payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1987 A Bonds and the Series 1987 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1987 B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1987 A Bonds, unless the Series 1987 B Bonds are no longer outstanding.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:



(A) The Bonds then Outstanding;

(B) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(C) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds of each series, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation

required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1987 A Bonds and the Series 1987 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1987 A Bonds or the Series 1987 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Bond Legislation or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of

West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

(C) The amount of any Bonds, Notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In

order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that an amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for bonds prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules of the Issuer, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department,

agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(A) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(C) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County

Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(D) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

(E) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Bonds is used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be, directly or indirectly, "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds



and shall be for the equal benefit of all Holders of each respective series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1987 A Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1987 B Bonds.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the County of Cook, Illinois, this 1st day of January, 1987.

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON-ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation or the Indenture, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Trustee, if any, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, and the Indenture, if any, the need for such moneys for the purposes set forth herein and in the Indenture, if any, and the specific restrictions and provisions set forth in this Section 8.01 and in the Indenture.

Except as provided in the Indenture, if any, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Bonds) so that the interest

on the Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Rebates of Excess Arbitrage Earnings. The Issuer hereby covenants to rebate to the United States Government the amounts required by Section 148 of the Internal Revenue Code of 1986, and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

## ARTICLE IX

### DEFAULT AND REMEDIES

Section 9.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

B. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, any supplemental resolution or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note

or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1987 B Bonds shall be subject to those of the Holders of the Series 1987 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for

Reserve, Sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

### DEFEASANCE

Section 10.01. Defeasance of Series 1987 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1987 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1987 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1987 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1987 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1987 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1987 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1987 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or

its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1987 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1987 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1987 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1987 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of and interest on such Series 1987 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1987 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1987 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1987 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the



purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to the Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure exemption from federal income taxation of interest on the Bonds and the Notes.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds and Notes, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, the Indenture, if any, the Bonds or the Notes, if any.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof in conflict with the

provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a certificate of convenience and necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Salt Rock Sewer Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The respective maximum amounts of the Bonds and Notes to be issued;

(b) The respective maximum interest rates and terms of the Bonds and the Notes originally authorized hereby;

(c) The public service properties to be acquired or constructed and the cost of the same;

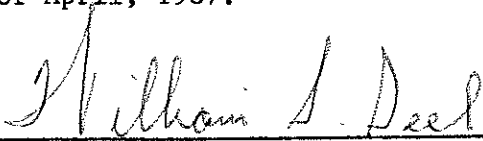
(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a certificate of convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 13th day of April, 1987.

*T. M. Deel*

  
\_\_\_\_\_  
Chairman, Public Service Board

  
\_\_\_\_\_  
Member, Public Service Board

\_\_\_\_\_  
Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution adopted by the Public Service Board of Salt Rock Sewer Public Service District on this 13th day of April, 1987.

[SEAL]

  
Secretary, Public Service Board

04/08/87  
SROCK2-A

"EXHIBIT A"

[Included as Document Nos. 3 and 4 of Bond Transcript]



SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B OF SALT ROCK SEWER PUBLIC SERVICE DISTRICT; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the public service board (the "Governing Body") of Salt Rock Sewer Public Service District (the "Issuer"), has duly and officially adopted a bond and notes resolution, effective April 13, 1987 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF SALT ROCK SEWER PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 A, NOT MORE THAN \$400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B, AND NOT MORE THAN \$6,500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE ~~SECURING THE NOTES~~; APPROVING AND RATIFYING A ~~LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT~~ RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND



PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$2,400,000, to be issued in two series, the Series 1987 A Bonds to be in an aggregate principal amount of not more than \$2,000,000 (the "Series 1987 A Bonds") and the Series 1987 B Bonds to be in an aggregate principal amount of not more than \$400,000 (the "Series 1987 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1987 A Bonds dated March 30, 1987, and a supplemental loan agreement relating to the Series 1987 B Bonds, also dated March 30, 1987 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, 1931, as amended, Chapter 16, Article 13A (the "Act"); and in the Bond Resolution it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be entered into and ratified by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF SALT ROCK SEWER PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued: ~~association~~ Charles C. as Registrar for the Bonds and does approve Registrar's Agreement to be dated the date of delivery

(A) The Sewer Revenue Bonds, Series 1987 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,185,479. The Series 1987 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2026, shall bear interest at the rate of 8.38% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1987, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1987 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1987 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$290,771. The Series 1987 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2026, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1987 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the forms provided in the Bond Resolution.

Section 3. The Issuer does hereby approve, accept and ratify the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate Kanawha Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of

the Bonds, by and between the Issuer and Kanawha Valley Bank, National Association, in substantially the form attached hereto, and the execution and delivery by the Chairman of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint The First Huntington National Bank, Huntington, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1987 A Bond Proceeds in the amount of \$126,900 shall be deposited in the Series 1987 A Sinking Fund, as capitalized interest.

Section 8. Series 1987 A Bond proceeds in the amount of \$-0- and Series 1987 B Bond proceeds in the amount of \$-0- shall be deposited in the Series 1987 A Bonds Reserve Account and the Series 1987 B Bonds Reserve Account, respectively.

Section 9. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about April 15, 1987, to the Authority pursuant to the Loan Agreement.

Section 10. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 11. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution in the West Virginia "Consolidated Fund," and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund.

Section 12. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and

any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 13. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, including, but not limited to, the Design Notes.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 13th day of April, 1987.

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

William J. Deel  
Chairman (Temporary)

04/07/87  
SROCK1-B

STATE OF MISSISSIPPI  
COUNTY OF HANCOCK  
I, \_\_\_\_\_, Clerk of the Board of Supervisors, do hereby certify and ratify the foregoing Resolution of the Board of Supervisors, and the same is hereby made a part of the public records of this County.  
WITNESS MY HAND AND SEAL OF OFFICE this \_\_\_\_\_ day of \_\_\_\_\_, 1987.



LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

SALT ROCK SEWER PUBLIC SERVICE DISTRICT, CABELL COUNTY, WV

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct or is constructing such a water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985 (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

## ARTICLE I

### Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

1.3 "Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.4 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Bonds.

1.5 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with a portion of the proceeds of its water development revenue bonds, all in accordance with the provisions of this Loan Agreement.

1.6 "Local Statute" means the specific provisions of the Code of West Virginia, 1931, as amended, pursuant to which the Local Bonds are issued.

1.7 "Operating Expenses" means the reasonable, proper and necessary costs of operation and maintenance of the System, as hereinafter defined, as should normally and regularly be included as such under generally accepted accounting principles.

1.8 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

1.9 "System" means the water development project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

1.10 Additional terms and phrases are defined in this Loan Agreement as they are used.

## ARTICLE II

### The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute.



2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority in respect of the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized representatives, to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as

their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

### ARTICLE III

#### Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Local Bonds described in this Article III and in Article IV hereof;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(d) The Governmental Agency shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Local Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(g) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the

financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than five (5) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

## ARTICLE IV

### Local Bonds; Security for Loan; Repayment of Loan; Interest on Loan; Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

(iii) That the Governmental Agency will complete the Project and operate and maintain the System in good condition;

(iv) That the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be

realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Governmental Agency will not render any free services of the System;

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System as provided by law;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Local Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owner of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); provided that, if the cost of acquisition and construction of the Project includes funded reserves for the Local Bonds, any requisite proceeds shall be credited to the construction fund and then deposited in the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein; and

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and otherwise in compliance with this Loan Agreement.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, sale and delivery of the Local Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit A.

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the loan

shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

#### ARTICLE V

Certain Covenants of the Governmental Agency;  
Imposition and Collection of User Charges;  
Payments To Be Made by  
Governmental Agency to the Authority

5.1 The Governmental Agency hereby irrevocably cove-



nants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

## ARTICLE VI

### Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

6.3 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of this Loan Agreement.

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.5 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the tax-exempt status of the Local Bonds.

## ARTICLE VII

### Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached

hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 Schedule X shall be attached to this Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.3 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.4 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

7.5 No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

7.6 This Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
[Proper Name of Governmental Agency]

(SEAL)

By Gail H. Paugh  
Its Chairman

Attest:

Date: March 30, 1987

[Signature]  
Its Secretary

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

(SEAL)

By Edgar W. Henry  
Director

Attest:

Date: 4/6/87

[Signature]  
Secretary-Treasurer

EXHIBIT A

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to \_\_\_\_\_  
(the "Governmental Agency"), a \_\_\_\_\_  
\_\_\_\_\_.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated \_\_\_\_\_, 19\_\_\_\_, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated \_\_\_\_\_, 19\_\_\_\_ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$\_\_\_\_\_, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning \_\_\_\_\_ 1, 19\_\_\_\_, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
-------------	--------------------	----------------------

The Local Bonds are issued for the purpose of \_\_\_\_\_ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of \_\_\_\_\_ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the

bond \_\_\_\_\_ duly enacted by the Governmental Agency on \_\_\_\_\_ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.
3. The Governmental Agency is a duly organized and presently existing \_\_\_\_\_, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.
4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary \_\_\_\_\_ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.
6. The Local Bonds are, by statute, exempt \_\_\_\_\_, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is exempt from federal income taxation.

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER  
----- 1986 SERIES A BONDS -----

PERIOD ENDING	10/1	COUPON PRIN.	INTEREST	SERVICE
1987	8.38		45,808.23	45,808.23
1988	8.38		99,343.14	99,343.14
1989	8.38	4,898	99,343.14	104,241.14
1990	8.38	5,308	98,932.69	104,240.69
1991	8.38	5,753	98,487.88	104,240.88
1992	8.38	6,235	98,005.78	104,240.78
1993	8.38	6,757	97,483.28	104,240.28
1994	8.38	7,323	96,917.05	104,240.05
1995	8.38	7,937	96,303.38	104,240.38
1996	8.38	8,602	95,638.26	104,240.26
1997	8.38	9,323	94,917.41	104,240.41
1998	8.38	10,104	94,136.14	104,240.14
1999	8.38	10,951	93,289.43	104,240.43
2000	8.38	11,869	92,371.74	104,240.74
2001	8.38	12,863	91,377.11	104,240.11
2002	8.38	13,941	90,299.19	104,240.19
2003	8.38	15,110	89,130.94	104,240.94
2004	8.38	16,376	87,864.72	104,240.72
2005	8.38	17,748	86,492.41	104,240.41
2006	8.38	19,236	85,005.13	104,241.13
2007	8.38	20,847	83,393.15	104,240.15
2008	8.38	22,594	81,646.17	104,240.17
2009	8.38	24,488	79,752.80	104,240.80
2010	8.38	26,540	77,700.70	104,240.70
2011	8.38	28,764	75,476.65	104,240.65
2012	8.38	31,174	73,066.23	104,240.23
2013	8.38	33,787	70,453.85	104,240.85
2014	8.38	36,618	67,622.49	104,240.49
2015	8.38	39,687	64,553.91	104,240.91
2016	8.38	43,012	61,228.14	104,240.14
2017	8.38	46,617	57,623.73	104,240.73
2018	8.38	50,524	53,717.23	104,241.23
2019	8.38	54,758	49,483.31	104,241.31
2020	8.38	59,346	44,894.59	104,240.59
2021	8.38	64,319	39,921.40	104,240.40
2022	8.38	69,709	34,531.47	104,240.47
2023	8.38	75,551	28,689.85	104,240.85
2024	8.38	81,882	22,358.68	104,240.68
2025	8.38	88,744	15,496.97	104,240.97
2026	8.38	96,184	8,060.22	104,244.22
-----				
		1,185,479	2,920,818.59	4,106,297.59



SCHEDULE Y  
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;
- (iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;
- (iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and
- (v) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

## SCHEDULE Z

### Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.
2. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.
3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

### Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.
2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.
3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.
4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the

event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

7. The paying agent for the Local Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

8. The Governmental Agency shall comply with the provisions of the Internal Revenue Code of 1986, as amended. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years of May 22, 1986;

- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project, together with any investment earnings thereon, will be expended for such purpose by May 1, 1989;
- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds; and
- (e) The Governmental Agency will comply with the provisions of the Internal Revenue Code of 1986, as amended, for which the effective date precedes the date of delivery of its Local Bond to the Authority.

SUPPLEMENTAL LOAN AGREEMENT

THIS SUPPLEMENTAL LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

SALT ROCK SEWER PUBLIC SERVICE DISTRICT, CABELL COUNTY, WV

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds, including supplemental, subordinate revenue bonds, issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct or is constructing such a water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement").

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

## ARTICLE I

### Definitions; Loan Agreement

1.1 Capitalized terms used and not otherwise defined herein shall have the meanings respectively given them by the Loan Agreement.

1.2 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.3 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Supplemental Bonds.

1.4 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan, as hereinafter defined, and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues

of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

1.5 "Supplemental Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Supplemental Bonds pursuant to this Supplemental Loan Agreement.

1.6 Additional terms and phrases are defined in this Supplemental Loan Agreement as they are used.

1.7 This Supplemental Loan Agreement is supplemental to the Loan Agreement, the terms of which are incorporated herein by reference.

## ARTICLE II

### The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Supplemental Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project

facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority in respect of the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized representatives, to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project and the administration of the Supplemental Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or



mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing and maintained so long as any of the Supplemental Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Supplemental Bonds is outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Supplemental Loan Agreement.

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

### ARTICLE III

#### Conditions to Supplemental Loan; Issuance of Supplemental Bonds

3.1 The agreement of the Authority to make the Supplemental Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Supplemental Bonds, which shall be the date established pursuant to Section 3.4 of the Loan Agreement for delivery of the Local Bonds. Said conditions precedent are as follows:

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Supplemental Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Supplemental Bonds described in this Article III and in Article IV hereof and shall have delivered to the Authority for purchase the Local Bonds in accordance with the Loan Agreement;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(d) The Governmental Agency shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(g) The net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of

the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Supplemental Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Supplemental Loan to the Governmental Agency and the Governmental Agency shall accept the Supplemental Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Supplemental Loan by purchasing the Supplemental Bonds in the principal amount and at the price set forth in Schedule X hereto. The Supplemental Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Supplemental Loan shall be secured and shall be repaid in the manner hereinafter provided in this Supplemental Loan Agreement.

3.4 The Supplemental Loan will be made only in conjunction with the Loan. The Supplemental Bond shall be delivered to the Authority, at the offices of the Authority, simultaneously with the delivery of the Local Bond to the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Supplemental Loan Agreement and the Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

3.6 Anything in this Loan Agreement notwithstanding, if the Authority is unable to pay the proceeds of the Supplemental Bonds to the Governmental Agency on the Date of Loan Closing due to the time required for processing the purchase order or requisition for such moneys with the State,

the Authority may pay such proceeds as soon as received after the Date of Loan Closing; provided, that the Supplemental Bonds shall not evidence any debt to be repaid to the Authority until the proceeds thereof are received by the Governmental Agency.

#### ARTICLE IV

##### Supplemental Bonds; Security for Supplemental Loan; Repayment of Supplemental Loan; No Interest on Supplemental Loan; Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Supplemental Loan, authorize the issuance of and issue the Supplemental Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto, subject to the prior and senior security therefrom granted to the Local Bonds;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and the Supplemental Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds and on a parity with the Supplemental Bonds or, if the reserve accounts established for the payment of debt service on the Local Bonds (the "Reserve Account") and for the payment of debt service on the Supplemental Bonds (the "Supplemental Reserve Account") are funded (whether by bond proceeds, monthly deposits or otherwise), respectively, at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") or on the Supplemental Bonds in any year (the "Supplemental Reserve Requirement"), as the case may be, and any reserve account for any such prior or

parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and the Supplemental Bonds and any such prior or parity obligations;

(iii) That the Governmental Agency will complete the Project and operate and maintain the System in good condition;

(iv) That the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds and Supplemental Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Supplemental Bonds, except the Local Bonds and bonds on a parity with the Supplemental Bonds, which parity bonds shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Supplemental Bonds and parity bonds theretofore and then being issued and on the Local Bonds and any other obligations secured by or payable from the revenues of the System prior to the Supplemental Bonds; provided, however, that additional parity Local Bonds and additional parity Supplemental Bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Governmental Agency will not render any free services of the System;

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal or interest on the Supplemental Bonds, the right to obtain the

appointment of a receiver to administer the System as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Supplemental Bonds, except any proceeds deposited in the Reserve Account or the Supplemental Reserve Account, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); provided, that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon, but shall otherwise be kept separate and apart from all other funds of the Governmental Agency; and

(xv) That, as long as the Authority is the owner of any of the Supplemental Bonds, the Governmental Agency shall not authorize redemption of any Supplemental Bonds by it without the written consent of the Authority.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in

compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, sale and delivery of the Supplemental Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

4.2 The Supplemental Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to the prior and senior security therefrom for the Local Bonds and to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority and shall include, but not be limited to, legal fees paid by the Authority.

## ARTICLE V

Certain Covenants of the Governmental Agency;  
Imposition and Collection of User Charges;  
Payments To Be Made by  
Governmental Agency to the Authority

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Supplemental Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Supplemental Loan, it has fixed

and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

## ARTICLE VI

### Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Supplemental Loan Agreement.



6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Supplemental Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time provided, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Supplemental Loan and receiving the Supplemental Bonds, the Authority shall have the right to cancel all or any of its obligations under this Supplemental Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan or the Supplemental Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Loan Agreement or this Supplemental Loan Agreement.

6.3 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Supplemental Loan.

## ARTICLE VII

### Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Supplemental Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule 2 attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Supplemental Loan Agreement.

7.2 Schedule X shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.3 If any provision of this Supplemental Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Supplemental Loan Agreement, and this Supplemental Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.4 This Supplemental Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Supplemental Loan Agreement.

7.5 No waiver by either party of any term or condition of this Supplemental Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Supplemental Loan Agreement.

7.6 This Supplemental Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Supplemental Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.7 By execution and delivery of this Supplemental Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Supplemental Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Supplemental Loan Agreement shall terminate upon the earlier of:

(i) termination by the Authority of the Loan Agreement pursuant to Subsections 7.8(i) or (ii) thereof;

(ii) termination by the Authority pursuant to Section 6.2 hereof; or

(iii) payment in full of the principal of the Supplemental Loan and of any fees and charges owed by the Governmental Agency to the Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
[Proper Name of Governmental Agency]

(SEAL)

By

Its

Chairman

Gail H. Paugh  
*Gail H. Paugh*

Attest:

Date:

*March 30, 1987*

Its

Secretary

*Bonnie L. Carter*  
*Bonnie L. Carter*

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By

Director

*Edgar N. Henry*  
*Edgar N. Henry*

Attest:

Date:

*4/6/87*

Secretary-Treasurer

*Daniel B. Gantkowski*  
*Daniel B. Gantkowski*

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to \_\_\_\_\_  
(the "Governmental Agency"), a \_\_\_\_\_  
\_\_\_\_\_.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated \_\_\_\_\_, 19\_\_\_\_, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated \_\_\_\_\_, 19\_\_\_\_ (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of \$\_\_\_\_\_, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years, as follows:

<u>Year</u>	<u>Installment</u>
-------------	--------------------

The Supplemental Loan Agreement is supplemental to a loan agreement dated \_\_\_\_\_, \_\_\_\_\_, also between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

The Supplemental Bonds are issued, together with the Local Bonds, for the purpose of \_\_\_\_\_ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of \_\_\_\_\_ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond \_\_\_\_\_ duly enacted by the Governmental Agency on \_\_\_\_\_ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

2. The Supplemental Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and presently existing \_\_\_\_\_, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary \_\_\_\_\_ in connection with the issuance and sale of the Supplemental Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

5. The Supplemental Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority. Said lien and pledge are junior, subordinate and inferior to that created for the Local Bonds [and \_\_\_\_\_].

6. The Supplemental Bonds are, by statute, exempt \_\_\_\_\_.

No opinion is given herein as to the effect upon enforceability of the Supplemental Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined executed and authenticated Supplemental Bond numbered SR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER  
----- 1986 SERIES A BONDS -----

PERIOD ENDING 10/1 -----	ZERO COUPON BONDS -----
1987	.00
1988	.00
1989	7,651.81
1990	7,651.87
1991	7,651.87
1992	7,651.87
1993	7,651.87
1994	7,651.87
1995	7,651.87
1996	7,651.87
1997	7,651.87
1998	7,651.87
1999	7,651.87
2000	7,651.87
2001	7,651.87
2002	7,651.87
2003	7,651.87
2004	7,651.87
2005	7,651.87
2006	7,651.87
2007	7,651.87
2008	7,651.87
2009	7,651.87
2010	7,651.87
2011	7,651.87
2012	7,651.87
2013	7,651.87
2014	7,651.87
2015	7,651.87
2016	7,651.87
2017	7,651.87
2018	7,651.87
2019	7,651.87
2020	7,651.87
2021	7,651.87
2022	7,651.87
2023	7,651.87
2024	7,651.87
2025	7,651.87
2026	7,651.87
	-----

290,771.00

SCHEDULE Y  
REVENUES

In accordance with Subsection 4.1(a) of the Supplemental Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) as prescribed by the Loan Agreement, to pay Operating Expenses of the System;

(ii) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) as prescribed by the Loan Agreement, to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded



concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Supplemental Reserve Account at the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by Supplemental Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

(v) to provide debt service on and requisite reserves for any other subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

(vi) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

## SCHEDULE Z

### Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.
2. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.
3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

### Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.
2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.
3. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.
4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the

Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Supplemental Loan Agreement, and to the prior lien of the Local Bonds, the net revenues derived from the operation of the System are pledged to the payment of the principal of the Supplemental Bonds.

7. The paying agent for the Supplemental Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 20th day of February, 1987.

CASE NO. 86-299-S-CN

SALT ROCK PUBLIC SERVICE DISTRICT  
Amended application for a certificate  
of convenience and necessity to  
construct and operate a sewerage  
system at Ona, Malcolm Springs,  
Yates Crossing, and vicinities  
thereof, in Cabell County.

COMMISSION ORDER  
AFFIRMING HEARING EXAMINER'S DECISION

On June 2, 1986, the Salt Rock Public Service District (District), a public utility, Ona, Cabell County, filed an application for a certificate of convenience and necessity to construct and operate a sewerage system at Ona, Malcolm Springs, Yates Crossing and vicinities thereof, Cabell County. The application was later amended on September 23, 1986. The District estimated the construction would cost approximately \$7,947,432 and would be financed by an EPA Grant of \$5,398,700; a WDA Hardship Grant of \$1,000,000; user fees of \$147,000; and proceeds from the sale of bonds in the amount of \$1,401,750. The District anticipates providing service to approximately 675 customers and requests approval of a monthly minimum bill of \$20.96 per 3,000 gallons or less.

Proper notice was given and hearings were held on this matter on October 28, 1986, October 31, 1986, November 13, 1986, and December 15, 1986.

By order entered February 3, 1987, the Hearing Examiner approved the application of Salt Rock Public Service District for a certificate of convenience and necessity to construct and operate a sewerage system at Ona, Malcolm Springs, Yates Crossing and the vicinities thereof as outlined in the application dated June 2, 1986, as amended.

Exceptions were filed on February 18, 1987 by the intervenor, Parrish Manor Mobile Home Park, Inc. The intervenor requested that the Commission exclude Parrish Manor Mobile Home Park, Inc., from any certificate of public convenience and necessity granted to the District and modify the District's application accordingly.

#### DISCUSSION

Upon the filing of timely exceptions, the Commission upon review will not revise, modify or reverse a hearing examiner's recommended decision entered pursuant to the provisions of West Virginia Code §24-1-9, unless: (a) the findings therein are contrary to the evidence, arbitrary or without evidence to support them; Virginia Electric & Power Co. v. PSC, 162 W.Va. 202, 242 S.E.2d 698 (1978); Weirton Ice and Coal Supply Co. v. PSC, 161 W.Va. 141, 240 S.E.2d 686 (1977); United Fuel Gas Co. v. PSC, 143 W.Va. 33, 99 S.E.2d 1 (1957); Baltimore & O.R.R. Co. v. PSC, 99 W.Va. 670, 130 S.E. 131 (1925); or, (b) the order is based upon a mistake of law or misapplies legal principles; Preston County Light & Power Co. v. PSC, 297 F. Supp. 759 (S.D. W.Va. 1969); Atlantic Greyhound Corp. v. PSC, 132 W.Va. 650, 54 S.E.2d 169 (1949); Pittsburgh and West Va. Gas Co. v. PSC, 101 W.Va. 63, 132 S.E. 497 (1926); or, (c) the decision is contrary to lawful Commission practice or policy; Washington Oil Co., 68 ARPSCWV 1573 (1981); Mac's Wrecker Service, Inc., M.C. Case No. 3358 (December 13, 1979).

Pursuant to §16-13A-9 of the West Virginia Code, any district furnishing sewer facilities within the district may require all owners or occupants of any houses and buildings located near any such sewer facilities: (1) to connect with and use such sewer facilities; and (2) to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such houses and buildings where there is gravity flow or transportation by other methods approved by the Department of Health. Furthermore, §16-13A-9 of the Code requires that the sewer facilities of the district be able to adequately serve the houses and buildings and that the mandatory use of such sewer facilities is necessary and essential for the health and welfare of the inhabitants and residents of such districts and of the State.

In accordance with §16-13A-9 of the Code, the Commission has determined that it is in the public interest to include Parrish Manor Mobile Home Park, Inc., in the Salt Rock Public Service District's water and sewer project. The proposed system will alleviate the substantial health hazard which currently exists throughout the proposed area of operation. (HED, pp. 3-5). The public interest which will be served by the proposed system outweighs the opposition to the application set forth by the intervenor.

Moreover, the permit issued to the intervenor by the Health Department granting the authority to operate its package plant contains a clause which clearly states that when a public system becomes available it must connect to that system (Tr. II, pp. 204-208). In addition, there was testimony that the Department of Health does not consider such facilities to be adequate long-term methods of sewage treatment (Tr. III, pp. 92-95;

Tr. IV, pp. 107-108). The record shows that the system was temporary and the intervenor was informed of the conditions contained in its permit.

Furthermore, the proposed system will not involve a taking over of the intervenor's lines. The intervenor will continue to collect its own bills, maintain and operate its sewage collection system. However, the mobile home park sewage treatment facility, which is inadequately operating below the standards required by the Health Department, will no longer be necessary. Since Parrish Manor will own the lines within the trailer park, Parrish Manor shall be billed as a single customer and pay a single tap fee of \$250, as opposed to being billed as 83 customers who would be charged an aggregate amount of over \$20,000 in tap fees. Once Parrish Manor is required by the Health Department to tap into the Salt Rock Public Service District's facilities, it shall only be charged reasonable fees as a single customer, in accordance with the public policies embodied by West Virginia Code §16-13A-9. Therefore, the Commission's decision to allow Salt Rock Public Service District to serve Parrish Manor is not a taking of the intervenor's private property without just compensation. This decision is consistent with the overriding State interest embodied by Code §16-13A-9 to allow public service districts to compel customers to hook onto a system and make it economically feasible to construct a new system to alleviate severe health hazards replace and inadequate sewage treatment facilities.

Finally, the intervenor asserts that the "adverse inference rule" should apply since the applicant did not present the testimony of Health Department witnesses who have inspected the Parrish Manor system. The intervenor contends that two Health Department witnesses, Karen Hall and Charles Morris, would have testified to the adequacy of the condition of



its sewer system. Since the applicant did not call them, the intervenor asserts that the Commission should presume that their testimony would have been detrimental to the applicant. However, the intervenor had full subpoena power to present Ms. Hall and Mr. Morris as witnesses. Since the intervenor did not subpoena these two witnesses to testify on its behalf, the Commission is reluctant to make any inferences regarding the content of testimony which could have been produced by those two two witnesses.

After consideration of the issues contained in the exceptions to the Hearing Examiner's Decision of February 3, 1987 and a review of the evidence contained in the record and the applicable law, the Commission has determined that the Hearing Examiner's Decision should be affirmed.

#### FINDINGS OF FACT

1. On June 2, 1986, the Salt Rock Public Service District filed an application for a certificate of convenience and necessity to construct and operate a sewerage system at Ona, Malcolm Springs, Yates Crossing and vicinities thereof, Cabell County.

2. Following the hearings on this matter, the Hearing Examiner approved the application, as amended.

3. Exceptions were filed on behalf of the intervenor, Parrish Manor Mobile Home Park, Inc., requesting that the Commission exclude it from the certificate granted to the District and modify the District's application accordingly.

#### CONCLUSIONS OF LAW

1. The plant is temporary and the intervenor was informed of the condition contained in its permit which clearly states that when a public system becomes available it must connect to that system.

2. The proposed system does not constitute a taking of the intervenor's private property without just compensation since the intervenor will continue to collect its own bills, maintain and operate its sewerage system.

3. The intervenor had full subpoena power to present two witnesses who had inspected the Parrish Manor Plant and since it did not, the Commission shall not make any inferences regarding the content of the testimony which could have been produced by those witnesses.

4. In accordance with §16-13A-9 of the Code, the Commission has determined that it is in the public interest to include Parrish Manor Mobile Home Park, Inc., in the District's water and sewer project, and, therefore, the Hearing Examiner's Decision should be affirmed.

#### ORDER

IT IS, THEREFORE, ORDERED that the Hearing Examiner's Decision of February 3, 1987 is hereby affirmed.

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this order upon all parties in this matter by United States First Class Mail.

A TRUE COPY

TESTE:

  
Howard M. Cunningham  
Executive Secretary

SMW/is

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: February 3, 1987

CASE NO. 86-299-S-CN

SALT ROCK PUBLIC SERVICE DISTRICT  
Amended application for a certificate  
of convenience and necessity to  
construct and operate a sewerage  
system at Ona, Malcolm Springs,  
Yates Crossing, and vicinities  
thereof, in Cabell County.

HEARING EXAMINER'S DECISION

PRELIMINARY ASPECTS

On June 2, 1986, the Salt Rock Public Service District (District), a public utility, Ona, Cabell County, filed for a certificate of convenience and necessity to construct and operate a sewage system at Ona, Malcolm Springs, Yates Crossing and vicinities thereof, Cabell County. This application was amended on September 23, 1986. The District estimated the construction would cost approximately \$7,947,432 and would be financed by an EPA Grant of \$5,398,700; a WDA Hardship Grant of \$1,000,000; User Fees of \$147,000; and proceeds from the sale of bonds in the amount of \$1,401,750. The District anticipates providing service to approximately 675 customers. It requested approval of a monthly minimum bill of \$20.96 per 3,000 gallons or less.

Upon proper notices given, hearings on the matter were held on October 28, 1986, at 1:30 p.m., at the Malcolm Springs Community Building, Milton, West Virginia; November 13, 1986, October 31, 1986 and December 15, 1986, in the Commission's Hearing Room, Charleston, West Virginia. Appearing for the Applicant were T. D. Kauffelt, Esq., and Seaton Taylor,

Esq. Intervenor, Parrish Manor, Inc., was represented by John Parr, Esq., William Murray, Esq., and Parrish McKittrick, Esq. Staff was represented by Ann Spaner, Esq. The Applicant presented the testimony of seven witnesses, Staff presented the testimony of two witnesses, Intervenor presented the testimony of six witnesses and eight Protestants spoke in opposition to the project.

The Hearing Examiner has reviewed the four volumes of transcript and the exhibits submitted at hearing, as well as the post-hearing submissions by the District and Intervenor. At the hearing in Milton, approximately 130 persons attended the hearing and eight spoke in opposition to the project.

#### FINDINGS OF FACT

1. The District proposes to construct a treatment facility and approximately 72,000 linear feet of gravity sewers to provide sewerage service in the Ona, Malcolm Springs, Yates Crossing and vicinities of Cabell County. (Tr. Vol. I, p. 29; Application).

2. The construction costs for the project are \$6,132,000, and engineering, legal and fiscal costs, acquisition of property, administrative costs, bond counsel, capitalized interest and project contingency bring the total project costs to \$7,947,000. (Tr. Vol. I, pp. 32, 33).

3. It is anticipated that the project would be financed by an EPA Grant of \$5,398,700; a WDA Hardship Grant of \$1,000,000, User Fees of \$147,000 and proceeds from the sale of bonds in the amount of \$1,401,750. (Application).

4. The District anticipates issuing grant anticipation notes as interim financing to cover cash flow needs during construction, which

notes will not exceed the amount that the District reasonably expects to receive in grants. (Tr. Vol. II, p. 192).

5. The requirements of West Virginia Code §16-13A-25 and §24-2-11 have been met. (Certification of Publication).

6. For rates, the District proposes a base rate of \$13.56 (to cover the mortgage payment on the borrowed funds) with a volume rate of \$2.46 per 1,000 gallons (to cover operation and maintenance of the system). (Tr. Vol. I, pp. 33-37).

7. The District has acquired approximately 90% of the 180 easements necessary to construct the system and has acquired property for the treatment plant site and seven (7) pump stations. (Tr. Vol. I, p. 90).

8. Cost estimates to run the system have been prepared and the District proposes using the rates found in Appendix A to generate revenues to cover these costs. (Tr. Vol. I, p. 43; Application).

9. DNR has approved the plans and specifications for the project. (Staff's Exh. No. 2). Dunn Engineers prepared the operation and maintenance cost estimate for the total system.

10. The District has received the NPDES permit to discharge from the proposed treatment plant.

11. Stanley Mills, Sanitarian for the Cabell County Board of Health, testified that many of the septic tanks in the proposed service area are old and poorly installed in clay soils characterized by poor percolation, which factors have caused sewage to surface in resident's yards and in roadside ditches, creating a health hazard. (Tr. Vol. II, p. 63).

12. Also according to Mr. Mills, the Ona Elementary and Junior High Schools' plants do not work within Health Department standards also creating a health hazard. (Tr. Vol. II, pp. 63-68).

13. The Maple Subdivision within the service area of the proposed project has a sewage pond clogged with weeds and is practically full of sewage with tremendous algae growth, and its effluent does not fall within acceptable Health Department standards. (Tr. Vol. II, pp. 72, 73, 74).

14. Inspection by Mr. Mills found that the Parrish Manor Mobile Home Park package plant had a number of problems with the system, including missing parts needed for proper operation. (Tr. Vol. II, pp. 74-86, 87, 89-95).

15. All four of the treatment ponds of the Admore sewage system are overloaded with solids floating in the ponds and the effluent is not clear. (Tr. Vol. II, pp. 99, 100).

16. There have been numerous complaints regarding mosquitoes breeding in the Admore ponds and the Sanitarian believes the ponds create a health hazard. Further, the Department of Natural Resources reviewed those ponds several years ago and found sewage had not been properly treated. (Tr. Vol. II, pp. 98-101).

17. Mr. Mills testified that malfunction in many individual septic tanks and improper working of the package plants and ponds in the proposed service area caused a health hazard and, in his opinion, the only real solution was the public sewerage system. (Tr. Vol. II, pp. 102-104).

18. The Sanitarian did not believe that the upgrading of existing systems would alleviate the hazard because part of the problems are caused by improper operation of these systems. (Tr. Vol. II, pp. 102-104).

19. At least 20% of the septic tanks in the area of the proposed service area were failing. (Tr. Vol. II, p. 164).

20. Mr. Adkins, owner of the Admore system, was arrested and charged with pollution some years ago and was subsequently convicted of four

felonies in connection with the operation of the Admore system. (Tr. Vol. II, p. 165).

21. Mr. Adkins testified that the Admore sewage lagoons do not meet the present EPA standards. (Tr. Vol. II, p. 169).

22. Parrish McKittrick, owner of Parrish Manor, Inc., realizes that the treatment plant for the park of 85 mobile homes is at capacity with the 20,000 plant and he anticipates putting in a second plant which would have to be funded by him personally. (Tr. Vol. III, p. 134).

23. It will cost approximately \$9,500 to upgrade the tertiary unit on the plant serving Parrish Manor to meet Health Department standards. (Tr. Vol. III, p. 216).

24. The residents of Parrish Manor presently are paying \$5.85 for sewage treatment and with the proposed project it would increase that rate approximately 249% and rent to the occupants would have to increase by approximately 30% to cover these expenses. (Tr. Vol. IV, pp. 50-59).

25. With the increased sewerage treatment cost that hooking onto the District's system would require, Parrish Manor will not have the funds to continue its operation and will have to go out of business. (Tr. Vol. III, p. 170).

26. Parrish Manor presented witnesses who testified that with certain improvements, its package plant could meet its Health Department permit limitations. (Tr. Vol. IV, p. 29).

27. Parrish Manor operates its package plant under a permit, the terms of which are that the owner will hook on to any central sewerage system, should one become available. (Tr. Vol. II, p. 206; Tr. Vol. IV, p. 130).

28. The owner and operator of Parrish Manor's package plant indicated that there were problems with the operation of the plant, but contended it could be brought back into standards much more economically than constructing a central sewerage system. (Tr. Vol. III, pp. 133, 173, 208).

29. Staff financial witness recommended that Parrish Manor be treated as five customers for sewer contribution-in-aid or user fee purposes instead of 80, as was original calculated. (Tr. Vol. IV, p. 80).

30. Staff recommended a recomputation of the District's rates wherein a minimum bill of 3,000 gallons under Staff's calculations would be \$17.64. (Tr. Vol. IV, pp. 80-81).

31. Under Staff's recommendation, the average monthly bill for 4,500 gallon consumption would be \$23.28. (Tr., Vol. IV, pp. 80, 82).

32. Staff's original cash flow analysis resulted in a cash flow deficiency of \$12.00, but there would still be fully funded renewal and replacement accounts. (Tr. Vol. IV, pp. 82, 83).

33. Staff's engineering witness reviewed the application and stated that the package treatment plants do not work well because those systems are usually not properly maintained or properly operated. (Tr. Vol. IV, p. 107).

34. Staff's engineering witness recommended approval of the project. (Staff Exh. No. 2).

35. Staff found that the cost per customer was high as compared with other projects but within a reasonable range. (Tr. Vol. IV, p. 110).

36. Staff's engineering witness stated that the contract price for the plant was high but still within an acceptable range and stated at this



point to make many changes in the project would cost more than the savings those changes would create. (Tr. Vol. IV, p. 122).

37. Staff rates are attached in Exhibit B.

38. The Department of Natural Resources is going to require Parrish Manor to connect to the public sewerage system when it becomes available. (Tr. Vol. II, p. 204; Tr. Vol. IV, p. 151).

39. Protestants, Rex Carson, Artly Love, Shirley Jarvis, R. L. Black, W. W. Sowards, Howard Graham, Pansy Lunsford and H. Howard spoke in opposition to the project questioning whether the taps would cost more after construction had passed a customer's property, the effect of public sewerage and accompanying bills on real estate evaluation and sales, how hook-ups to existing septic systems would be handled, why a customer on a properly existing septic system would be made to hook-up to a central system and pay a tap fee, that low usage homes have to pay high minimum bills and that it appears that service lines were developed haphazardly thereby treating persons in the same neighborhood unequally. (Tr. Vol. I, pp. 61, 68, 76, 56, 75, 76, 70).

#### DISCUSSION

There is opposition to the granting of the application. Numerous written protests in petition form were filed objecting to the proposed system. Eight persons made public comments at the hearings.

The comments on specific questions about service hook-ups or operational aspects were answered at the hearing by the engineers of Dunn Engineering or these engineers were directed to talk with the witnesses after the hearing. The Examiner believes that all specific questions were answered.

Any time that there is public protest to a proposed system, the Examiner must balance the sentiments of the protestants and the customers' ability to pay (and other considerations) against correction of some substantial health hazard which exists and which would be alleviated by the proposed system. Criteria has been developed in Commission cases over a period of years to balance these considerations and in this case as in all other cases, these criteria will be discussed.

The testimony of the Sanitarian described the poor condition of sewerage treatment in the area. The main opposition to the application came from Parrish Manor, Inc. (Intervenor). The Intervenor's park, which was established approximately 7 years ago, is an eighty unit mobile home park. The customers are unmetered and the park provides certain utilities in its monthly rental charge which in the past has included sewerage treatment. Because the customers of the park do not receive metered water service, their water usage is high. High water usage is standard with all unmetered customers wherever situated and has no particular relationship with their location in the Intervenor's park. But high usage results in high bills, which costs the Park has absorbed in the past. As the project is proposed the Intervenor would be hooked onto the project at one location which bypasses Intervenor's existing package plant. Intervenor contends that if it is connected to the system, the cost of sewerage treatment will increase so drastically that it will go out of business. The condition of the Intervenor's plant was the subject of much discussion throughout the hearing by witnesses from State and County agencies and witnesses testifying on behalf of Intervenor. All the testimony indicated there are chronic and intermittent problems with the operation of the Intervenor's package plant, but by the testimony of the owner and his

operator the plant can be brought to Health Department standards with the investment of funds for much less money than it will cost him if the Park is forced to connect to the project. Intervenor contends that, if the park goes out of business, because it represents approximately 13% of the system's customers, the rates to the remaining ratepayers will increase drastically.

This is not the first time that an argument that the fees will force customers to leave an area or force them out of business has been propounded to the Examiner. Particularly mobile home parks have stressed their transient nature and state they will move to another location or just fold completely when unable to meet their expenses. In the past most of the parks making these contentions have not been forced out of business, but that is not to say that it will not happen. Here the park is by its owner's testimony, an attractive well-kept park. The park has 80 to 85 occupants and its package plant, which is a 19,000 gallon plant (one-half of that required in its permit), is operating at near capacity. Mr. McKittrick, its owner, listed the park's finances to show that it did not have sufficient revenues to cover the increased costs which are anticipated to be billed under the proposed system and he concluded that park rental to occupants cannot be raised. Yet, on the other hand Mr. McKittrick stated that he personally will finance the \$9,500 improvements to bring the existing plant up to acceptable operation standards and he personally will have to pay for the second 20,000 gallon plant that the park will soon need. The Examiner concludes there are obviously some considerations to the continued operation of the park besides its revenues covering expenses, i.e. obviously Mr. McKittrick will personally subsidize the park operations to some extent. Because the exact limit of the

subsidization of the park is uncertain and because alternatives to subsidization, such as the sale of part of the tract may occur, the Examiner considers the occurrence of cessation of the park's operation to be so sketchy that she did not conclude that it was an absolute that the trailer park would go out of business.

The Examiner considered the exhibits from the engineers and the testimony from the Cabell County Sanitarian that there is need for the proposed system. The Sanitarian testified that individual septic systems in the area were failing and that the Admore system and the Parrish Manor plant were failing. The failing of these systems, plants and lagoons cause a health hazard. The Intervenor questioned the credentials of the Sanitarian comparing his credentials to that of its plant operator, but the Intervenor did not question the need for the proposed project generally, just the park's inclusion in the project. The Examiner concluded that the Sanitarian had sufficient expertise to testify on the condition of sewerage treatment in the area and it is unnecessary to compare the credentials as was done by Intervenor. Just as in the review of any certificate case, it could be argued that all of the systems could be brought up to Health Department standards and could be operated properly in the future. These systems when installed were designed to meet Department standards but obviously they are not meeting those standards now. The Sanitarian, Mr. Dunn, the project engineer and the Staff engineer agreed that a central sewerage system was the best solution to the health hazards in the area.

When any central sewerage system is anticipated, a certain portion of the proposed customers must abandon properly working systems to connect to the new system, so, the Intervenor has not been singled out for this

treatment. The Intervenor's argument was that it could treat its sewage at a much more economical rate than the proposed system could treat it and therefore it should be deleted from the system. All of the operators of systems including the Intervenor are required by law to keep their systems working properly but it is apparent that they either cannot or will not. In any administrative proceeding the Examiner has wide latitude in considering the evidence. The Examiner did not consider the Intervenor's going out of business argument as persuasive even though in Intervenor's words the fact was unrefuted, because Mr. McKittrick is willing to invest some unknown amount of money in the system to keep it operating. He testified that he would pay the \$9,500 for replacement of the rapid sand filters of the plant. The plant is near capacity now and will have to have a second tank as is required under its permit which he apparently will pay for. There will be some limit to what funds Mr. McKittrick will put into the Park, but the Examiner concludes that the information about the finances of the Park should receive minimal consideration because the Park's operation is not totally relying on just those revenues and the Park will be subsidized to some extent by Mr. McKittrick and the exact limits of that were never fully developed. The threat of discontinuance of business of the Park was not sufficient to persuade the Examiner that the Park should not be included in the system.

The Examiner concludes that the proposed system will provide adequate service. The project engineers and Staff indicated that the system was adequate and feasible. There was some objections by Protestants because certain residences were included or excluded from the system, however, the Examiner concludes from the evidence that the project engineer's decisions

were based upon construction considerations and were reasonable in nature. There were no allegations that these changes would effect the adequacy of the system. Any proposed project receives continual review and alteration until completion of construction and the project engineer should make whatever alteration or improvement is necessary to best serve the public. Lastly, the project has been reviewed and approved by DNR, the agency with primary responsibility for design of federally-funded sewer projects.

There is adequate permanent financing and grants to construct the proposed project. It appears from an analysis of the permanent and interim financing that loans and grants will be received to allow construction and completion of the project. There are sufficient revenues to cover the operational and maintenance expenses, as well as cover the cost of debt and other expenses, if the commodity rate is increased by \$0.07 per 1,000 gallons. A recomputed cash flow analysis has been attached as Appendix C. This analysis shows a positive cash flow as well as funded reserves. The Examiner concludes the project is adequately financed on a permanent and interim basis.

The question of whether the project is economically feasible has been reviewed by the EPA and the WDA. Each of those agencies have requirements which must be met in order to consider the project feasible. Staff determined it was economically feasible before recommending approval of the project. The per customer cost is among the higher of per customer costs submitted to the Commission on a project in recent years, however, Staff feels it falls within an acceptable range. The Examiner determines that the project is economically feasible.

The rates and charges as proposed by Staff are just and reasonable and are not unduly discriminatory. The Examiner increased the commodity

rate by \$0.07 per 1,000 gallons to allow for a positive cash flow analysis because Staff testified his rate had a negative cash flow. There was no allegation by Intervenor or any Protestant that there is discrimination in the rates. The rates have been reviewed by several agencies of government and have been determined to be within an acceptable range. The revised rates are below the rates proposed by the District. They are sufficient, but not more than sufficient, to cover the costs of operation and maintenance, debt service and other expenses. Again, the rates may be among the higher rates in the State, but still within a range that Staff determines is acceptable. The Examiner sees no error in that judgment. Therefore, the proposed rates are just and reasonable and should be approved. No further notice needs to be supplied by the District since the rates fall below those rates given in Code §24-2-11 notice.

Staff recommended that the User Fee be eliminated to those customers who presently are on a certificated system and for multiple occupancy units such as Intervenor. There is only one tap being made for Intervenor and thus only a one time user fee should be paid. The customers on existing certificated systems presumably have already paid a user's fee when originally attached to their systems, and, they should not again have to pay the fee.

Intervenor alleges that there is a taking of property without compensation and without due process. The District has not taken Intervenor's property. It is merely providing sewer service and by the terms of Intervenor's permit, Intervenor is required to hook onto the system. This is not the taking of Intervenor's property. Further there has been no taking of property without due process with the purchase of the Admore system. The Admore system was a public utility. Intervenor is not

holding itself out to serve the public and is strictly serving the mobile home park with sewerage services, so, the two systems are not similar even if the District were required to handle the acquisition of similar systems alike. The District does not have the funds to acquire any more systems and, as far as the Examiner can determine, the District has wide latitude in its handling of the acquisition of systems. Owners of individual septic systems are required by law to hook on to the proposed system, and abandon their present systems even if those systems are operating properly. So Intervenor is not being treated differently.

In Intervenor's Memorandum, there is a reference to the adequacy of the Intervenor's system and the burden of proof necessary for the grant of a certificate. This reference elevates the Intervenor's system to that of a public utility which it is not. As stated before the Intervenor is not serving the public and is not holding itself out to serve the public. The Intervenor strictly holds a permit which by its terms requires connection to a central sewerage system. Therefore, the burden of proof considerations set out in the Memorandum are not applicable.

The Intervenor asserts that, since the Applicant did not present the testimony of Health Department witnesses who have inspected the Parrish Manor system, the "Adverse Inference Rule" should apply. Intervenor asserts that these two Health Department witnesses would have testified favorably regarding the condition of its sewer system and, therefore, since the Applicant did not call them, the Examiner should presume that their testimony would have been detrimental to it. The Adverse Inference Rule may apply in some way to this case, but not regarding the Applicant's failure to call these witnesses. If said "Rule" applies, it applies to the Intervenor's failure to call them. If, in fact, the testimony of



these two witnesses would have been favorable to the Intervenor's position, it is reasonable to infer that the Intervenor would have called them. Since the Intervenor did not call them, even though it could have through the subpoena power of the Commission, it is reasonable to infer that the testimony of these two witnesses would not be as favorable to the Intervenor's position as it would have the Examiner believe.

The Intervenor further accuses the District of misleading him and others during the initial phases of this project. Because of the length of time of this project was in the planning stages, the Examiner does not doubt that the project changed and thus the rates changed many times. The Examiner knows of no way to avoid such changes, but further notes that the required publications regarding the filing and amendment to application were made. If Intervenor's owner failed to attend any public hearings it was because by his words he chose not to attend them, and not because the hearings were not held or that he did not have notice of them. These are the corner stones of due process which the Examiner considers relevant in determining if notice requirements were met.

Perhaps in passing it should be noted that Intervenor's contention that even if the effluent from its plant has not been properly treated, the discharge into Black's Branch will not be harmful because Black's Branch has no "social utility" is wrong. The standards for discharging effluent into Black's Branch are higher than for discharging into a larger stream. Since Black's is so small and has so little water moving in it, the effluent has a greater impact and therefore the effluent standards are higher. The "social utility" of Black's Branch or the lack thereof is not considered by the Health Department in setting discharge limitations.

For the above reasons, the Hearing Examiner determines that the certificate of convenience and necessity for the proposed sewerage system at Ona, Malcolm Springs, Yates Crossing and vicinities thereof, Cabell County, should be approved and the rates and charges should be approved as recommended by Staff.

#### CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed service.
2. The proposed sewer system will provide adequate service.
3. The proposed sewer system is adequately financed.
4. The proposed project is economically feasible.
5. The proposed rates and charges as submitted by Staff recommendation are just and reasonable and are not unduly discriminatory.

#### ORDER

IT IS, THEREFORE, ORDERED that the application of Salt Rock Public Service District for a certificate of convenience and necessity to construct and operate a sewerage system at Ona, Malcolm Springs, Yates Crossing and vicinities thereof, Cabell County, as outlined in an application dated June 2, 1986, as amended, is hereby granted.

IT IS FURTHER ORDERED that the rates and charges as contained in Appendix B, attached hereto, are approved to be effective when customers begin receiving sewerage services under the proposed system.

IT IS FURTHER ORDERED that the District file a tariff containing the approved rates and charges within thirty (30) days after this decision becomes final.

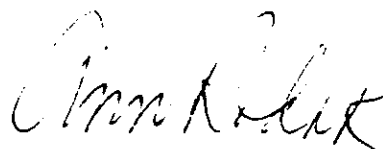
IT IS FURTHER ORDERED that the financing, as amended, is hereby approved.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon all parties to this proceeding by United States Certified Mail, return receipt requested, and upon the Commission and its Staff by hand delivery.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to a Hearing Examiner's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Hearing Examiner's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Ann Rodak  
Hearing Examiner

ARC:dfs

SALT ROCK PUBLIC SERVICE DISTRICT  
CASE NO. 86-299-S-CN

DISTRICT PROPOSED RATES

Metered Customers

\$2.46 per 1,000 gallons of water consumption plus a subscription charge of \$13.58 per month.

Minimum bill is \$20.96 per month for consumption of 3,000 gallons or less.

Unmetered Customers

Monthly bill of \$25.26 computed as follows:

The total consumption of customers using less than 10,000 gallons of water per month divided by the total number of customers utilizing less than 10,000 gallons of water per month; multiplied by the rate per 1,000 gallons; plus the base rate per month.

2,676,000 gallons ÷ 563 customers  
= 4,750 gallons/customer x \$2.46/1,000 gallons  
= \$11.68 + \$13.58 subscription charge  
= \$25.26

DELAYED PAYMENT PENALTY

On all accounts not paid in full within twenty (20) days of the billing date, ten percent (10%) penalty will be added to the net amount shown.

SERVICE CONNECTION FEE

For connection to sewer main, with connection to be made by the District - \$250.00.

SALT ROCK PUBLIC SERVICE DISTRICT  
CASE NO. 86-299-S-CN

APPROVED TARIFF

APPLICABILITY

Applicable within the territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES

Customer Charge - \$ 5.25 per month

Commodity Charge - \$ 4.20 per thousand

Unmetered Rate - \$24.15 per month based on 4,500 gallons used

MINIMUM CHARGE

No bill will be rendered for less than Seventeen Dollars and eighty-five cents (\$17.85).

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the net amount shown. This is not interest and is to be charged only once when applicable.

CONNECTION FEE

\$250.00

## APPENDIX C

SALT ROCK PUBLIC SERVICE DISTRICT  
CASE NO. 86-299-S-CN

## CASH FLOW ANALYSIS

Operating Revenues	255,288
Operation and Maintenance	<u>113,000</u>
Available for Debt Service (A)	142,288
Debt Service (B)	<u>111,900</u>
Available for Reserves	30,388
Required Reserves	
Debt Reserve	11,190
Repair and Replacement Reserve	<u>6,380</u>
Available for Special Reserves	12,818
Innovate and Alternative Reserve	<u>12,000</u>
Surplus	818
Coverage (A:B)	127%

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: January 26, 1987

CASE NO. 86-299-S-CN

SALT ROCK PUBLIC SERVICE DISTRICT

Amended application for a certificate of  
convenience and necessity to construct and operate  
a sewerage system at Ona, Malcolm Springs, Yates  
Crossing and vicinities thereof, in Cabell County.

RULING ON PETITION FOR PRESENTATION  
OF ADDITIONAL EVIDENCE

On January 15, 1987, Intervenor, Parrish Manor, Inc., petitioned to reopen the above matter for presentation of evidence. The exact nature of the additional evidence was not stated in the petition except to state it was the testimony of one witness which was expected to last less than one hour. The petition stated that such evidence has become available since the final hearing held on December 16, 1986, in the above matter and that such evidence "[S]erves to corroborate and substantiate the evidence previously presented by the Intervenor. . . ." and "[R]aises no new issue. . . ." (Petition).

The Applicant requested denial of the petition stating that the petition was inadequate to justify presentation of additional evidence because the petition does not give the nature of the evidence making impossible for the Applicant to respond to claims of relevancy.

DISCUSSION

The Hearing Examiner has reviewed carefully the Petition of Intervenor to present additional evidence and the Response thereto. The Commission's jurisdiction in this matter is found under West Virginia Code

§24-2-11 which section states that the Commission shall render its final decision on any application (of certificate of convenience and necessity) "[W]ithin 270 days of the filing of the application and within 90 days after final submission of any such application for decision following hearing. . . ." In this instance, the application of Salt Rock Public Service District was filed on June 2, 1986 and given the other time limitations set by Code §24-1-9(c) and (e), the Hearing Examiner's Decision in this matter should be issued by February 4, 1987. The Petition does not indicate the type of evidence to be presented and the petition states that the evidence "[R]aises no new issues but rather, substantially corroborates evidence already presented by the Intervener". Given the vagueness of the Petition and combined with the fact that it would be impossible to convene a hearing, consider such evidence, and give the parties adequate time to prepare for examination and possibly rebuttal within the statutory time limitations, the Hearing Examiner denies the Petition for Presentation of Additional Evidence. There was extensive evidence in four days of hearing in this matter and the Hearing Examiner was most lenient in allowing evidence presented by all parties so it would be totally unreasonable to reconvene a hearing to take evidence which "[S]erves to corroborate and substantiate the evidence previously presented by the Intervenor. . . ." (Petition).

#### FINDINGS OF FACT

1. Intervenor's petition to present additional evidence does not give the nature of the evidence to be presented but states it raises no new issues and is corroborative in nature. (Petition).



2. The Applicant requests denial of the Petition because it is inadequate and it cannot respond to relevancy of the proposed evidence. (Response of Applicant).

3. Statutory constraints mandate a Decision in this matter by February 4, 1987.

#### CONCLUSION OF LAW

Because the Petition does not describe the proposed evidence sufficiently to determine its relevancy, because the Petition states the proposed evidence is corroborative in nature and because the statutory time constraints do not allow time to address fully this proposed evidence, the Examiner denies the Petition.

#### ORDER

IT IS, THEREFORE, ORDERED that the Petition for Presentation of Additional Evidence made by Intervenor Parrish Manor, Inc., is hereby denied.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon all parties to this proceeding by United States First Class Mail and upon Commission Staff by hand delivery.

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Hearing Examiners as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Hearing Examiners to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.

  
Ann Rodak  
Hearing Examiner

AR:mal

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 8th day of April, 1987.

CASE NO. 86-299-S-CN

SALT ROCK SEWER PUBLIC SERVICE DISTRICT,  
a public utility.

Amended application for a certificate of convenience and necessity to construct and operate a sewerage system at Ona, Malcolm Springs, Yates Crossing, and vicinities thereof, in Cabell County.

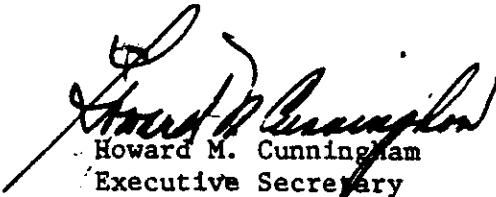
CORRECTIVE ORDER

Throughout the processing of the above application of Salt Rock Public Service District, the word "sewer" was inadvertently omitted from the Applicant's name in certain instances. The original June 2, 1986, application for a certificate of convenience and necessity was in the name of the Salt Rock Sewer Public Service District and the Applicant should be referenced in such manner in Case No. 86-299-S-CN.

IT IS, THEREFORE, ORDERED that the correct name of the utility in this proceeding is Salt Rock Sewer Public Service District. All Commission records pertaining thereto should be corrected accordingly.

A TRUE COPY

TESTE:

  
Howard M. Cunningham  
Executive Secretary

HMC/s

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: April 14, 1987

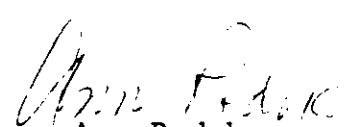
CASE NO. 86-299-S-CN

SALT ROCK SEWER PUBLIC SERVICE DISTRICT,  
a public utility.

Amended application for a certificate  
of convenience and necessity to con-  
struct and operate a sewerage system  
at Ona, Malcolm Springs, Yates  
Crossing, and vicinities thereof,  
in Cabell County.

CLARIFICATION

As point of clarification, in the Hearing Examiner's Decision dated February 3, 1987, in this case, the Examiner eliminated User's Fees to customers on existing certificated systems and multiple dwelling unit customers. With that change, the proceeds from the sale of bonds increased from \$1,401,750 to \$1,476,250 as User's Fees decreased from \$147,000 to \$72,500. Rates as approved in that Decision generate sufficient revenues to cover such financing as changed and approved in that Decision.

  
Ann Rodak  
Administrative Law Judge

AR:mrs



SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, DANIEL B. YONKOSKY, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and GAIL H. PAUGH, Chairman of the public service board of the Salt Rock Sewer Public Service District (the "Issuer"), hereby certify as follows:

1. On the 15th day of April, 1987, the Authority received the entire original issue of \$1,476,250 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated April 15, 1987, the Series 1987 A Bond being in the principal amount of \$1,185,479 and the Series 1987 B Bond being in the principal amount of \$290,771.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Gail H. Paugh, as Chairman of the public service board of the Issuer, by his manual signature, and by William B. Roebuck, Jr., as Secretary of the public service board of the Issuer, by his manual signature, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the proceeds of the Series 1987 A Bonds in the aggregate amount of \$1,185,479 and the proceeds of the Series 1987 B Bonds in the aggregate amount of \$290,771 to be received within 60 days.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and SALT ROCK SEWER PUBLIC SERVICE DISTRICT has caused this receipt to be executed by the Chairman of its public service board, as of this 15th day of April, 1987.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By   
Secretary-Treasurer

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

By   
Chairman, Public Service Board

04/09/87  
SROCK1-C

EXHIBIT A

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1987 B

RECEIPT FOR SERIES 1987 B BOND PROCEEDS

The undersigned GAIL N. PAUGH, Chairman of the public service board of Salt Rock Sewer Public Service District (the "Issuer"), hereby certifies that, on the 9 day of APRIL, 1987, the Issuer received and hereby acknowledges receipt from the Authority, as the original purchaser of the captioned Bonds, the proceeds thereof in the amount of \$290,771 (100% of par).

IN WITNESS WHEREOF, Salt Rock Sewer Public Service District has caused this receipt to be executed by the Chairman of its public service board, as of this 15 day of JUNE, 1987.

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

By

Gail N. Paugh  
Chairman

05/26/87  
SROCK2-C





SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Kanawha Valley Bank, National Association  
Charleston,  
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Salt Rock Sewer Public Service District Sewer Revenue Bonds, Series 1987 A, in the principal amount of \$89,940 and Bond No. BR-1, constituting the entire original issue of the Salt Rock Sewer Public Service District Sewer Revenue Bonds, Series 1987 B, in the principal amount of \$1,476,250 both dated April 15, 1987 (collectively, the "Bonds"), executed by the Chairman and Secretary of the public service board of Salt Rock Sewer Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond and Notes Resolution and Supplemental Resolution duly adopted by the Issuer (collectively, the "Local Act");

(2) A copy of the Local Act authorizing the above Bond issue, duly certified by the Secretary of the Issuer;

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated March 30, 1987, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement");

(4) A signed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$1,185,479, representing the agreed aggregate purchase price of the Series 1987 A Bonds, there being no accrued interest thereon. Prior

to such delivery of the Bonds, you will please cause the Bonds to be authenticated by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 15th day of April, 1987.

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

By

  
Chairman, Public Service Board

04/07/87  
SROCK1-E



(SPECIMEN - SERIES 1987 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1987 A

No. AR-1

\$1,185,479

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK SEWER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION ONE HUNDRED EIGHTY-FIVE THOUSAND FOUR HUNDRED SEVENTY-NINE DOLLARS (\$1,185,479), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1987. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated March 30, 1987.

8

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for approximately 18 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on April 13, 1987 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1987 B, of the Issuer (the "Series 1987 B Bonds"), issued in the aggregate principal amount of \$290,771, which Series 1987 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1987 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1987 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Series 1987 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds or the Series 1987 B Bonds,

provided however, that so long as there exists in the Series 1987 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for the Series 1987 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1987 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a

part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, SALT ROCK SEWER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated April 15, 1987.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary



CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: April 15, 1987

KANAWHA VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar

By \_\_\_\_\_  
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE				
PERIOD ENDING	10/1	COUPON PRIN.	INTEREST	SERVICE
1987	8.38		45,808.23	45,808.23
1988	8.38		99,343.14	99,343.14
1989	8.38	4,898	99,343.14	104,241.14
1990	8.38	5,308	98,932.69	104,240.69
1991	8.38	5,753	98,487.88	104,240.88
1992	8.38	6,235	98,005.78	104,240.78
1993	8.38	6,757	97,483.28	104,240.28
1994	8.38	7,323	96,917.05	104,240.05
1995	8.38	7,937	96,303.38	104,240.38
1996	8.38	8,602	95,638.26	104,240.26
1997	8.38	9,323	94,917.41	104,240.41
1998	8.38	10,104	94,136.14	104,240.14
1999	8.38	10,951	93,289.43	104,240.43
2000	8.38	11,869	92,371.74	104,240.74
2001	8.38	12,863	91,377.11	104,240.11
2002	8.38	13,941	90,299.19	104,240.19
2003	8.38	15,110	89,130.94	104,240.94
2004	8.38	16,376	87,864.72	104,240.72
2005	8.38	17,748	86,492.41	104,240.41
2006	8.38	19,236	85,005.13	104,241.13
2007	8.38	20,847	83,393.15	104,240.15
2008	8.38	22,594	81,646.17	104,240.17
2009	8.38	24,488	79,752.80	104,240.80
2010	8.38	26,540	77,700.70	104,240.70
2011	8.38	28,764	75,476.65	104,240.65
2012	8.38	31,174	73,066.23	104,240.23
2013	8.38	33,787	70,453.85	104,240.85
2014	8.38	36,618	67,622.49	104,240.49
2015	8.38	39,687	64,553.91	104,240.91
2016	8.38	43,012	61,228.14	104,240.14
2017	8.38	46,617	57,623.73	104,240.73
2018	8.38	50,524	53,717.23	104,241.23
2019	8.38	54,758	49,483.31	104,241.31
2020	8.38	59,346	44,894.59	104,240.59
2021	8.38	64,319	39,921.40	104,240.40
2022	8.38	69,709	34,531.47	104,240.47
2023	8.38	75,551	28,689.85	104,240.85
2024	8.38	81,832	22,358.63	104,240.63
2025	8.38	88,744	15,496.97	104,240.97
2026	8.38	96,184	8,060.22	104,244.22

1,185,479	2,920,313.59	4,106,297.53
-----------	--------------	--------------

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:

\_\_\_\_\_  
04/13/87  
SROCK1-V



(SPECIMEN - SERIES 1987 B BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SALT ROCK SEWER PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1987 B

No. BR-1

\$290,771

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK SEWER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO HUNDRED NINETY THOUSAND SEVEN HUNDRED SEVENTY-ONE DOLLARS (\$290,771), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated March 30, 1987.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and transportation facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on April 13, 1987 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for

the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1987 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this series (the "Series 1987 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1987 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Bonds, the Series 1987 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1987 B Bonds Reserve Account and the reserve account established for the Series 1987 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1987 A Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of Kanawha Valley Bank, National Association,

Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements as set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1987 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1987 A, OF THE ISSUER (THE "SERIES 1987 A BONDS"), ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE BOND LEGISLATION.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, SALT ROCK SEWER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated April 15, 1987.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary



CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: April 15, 1987

KANAWHA VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar

By \_\_\_\_\_  
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

PERIOD ENDING 10/1	ZERO COUPON BONDS
-----	-----
1987	.00
1988	.00
1989	7,651.81
1990	7,651.87
1991	7,651.87
1992	7,651.87
1993	7,651.87
1994	7,651.87
1995	7,651.87
1996	7,651.87
1997	7,651.87
1998	7,651.87
1999	7,651.87
2000	7,651.87
2001	7,651.87
2002	7,651.87
2003	7,651.87
2004	7,651.87
2005	7,651.87
2006	7,651.87
2007	7,651.87
2008	7,651.87
2009	7,651.87
2010	7,651.87
2011	7,651.87
2012	7,651.87
2013	7,651.87
2014	7,651.87
2015	7,651.87
2016	7,651.87
2017	7,651.87
2018	7,651.87
2019	7,651.87
2020	7,651.87
2021	7,651.87
2022	7,651.87
2023	7,651.87
2024	7,651.87
2025	7,651.87
2026	7,651.87
-----	-----

290,771.00

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:

\_\_\_\_\_  
04/13/87  
SROCK1-W



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 622-2676

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

CHARLESTON

CHARLES W. YEAGER  
CARL F. STUCKY, JR.  
OTIS L. O'CONNOR  
WAYNE A. SINCLAIR  
JAMES R. WATSON  
DANIEL R. SCHUDA  
SPRAGUE W. HAZARD  
HERSCHEL H. ROSE III  
CHRISTOPHER P. BASTIEN  
STEVEN P. MCGOWAN  
MARTIN R. SMITH, JR.

OF COUNSEL  
ROBERT W. LAWSON, JR.  
EDWARD W. EARDLEY  
EUGENE G. EASON

WRITER'S DIRECT DIAL NUMBER

CLARKSBURG

RALPH BOHANNON  
ERNEST C. SWIGER  
HERBERT G. UNDERWOOD  
JACKSON L. ANDERSON  
ROBERT G. STEELE  
JAMES M. WILSON  
PATRICK D. DEEM  
ROBERT M. STEPTOE, JR.  
ANNE R. WILLIAMS  
JAMES D. GRAY  
VINCENT A. COLLINS  
JAMES A. RUSSELL  
FRANK E. SIMMERMAN, JR.  
WILLIAM T. BELCHER  
MICHAEL L. BRAY  
DAVID C. CLOVIS  
J. GREG GOODYKOONTZ  
IRENE M. KEELEY  
EVANS L. KING, JR.  
WALTER L. WILLIAMS  
SUSAN S. BREWER  
RONALD H. HANLAN  
C. DAVID MORRISON  
HARRY P. WADDELL  
CLEMENT D. CARTER III  
W. HENRY LAWRENCE IV  
WILLIAM E. GALEOTA  
GORDON H. COPLAND  
RANDALL C. LIGHT  
RICHARD M. YURKO, JR.  
GARY W. NICKERSON  
W. RANDOLPH FIFE

April 15, 1987

## Salt Rock Sewer Public Service District Sewer Revenue Bonds, Series 1987 A

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We have acted as bond counsel in connection with the issuance by Salt Rock Sewer Public Service District (the "Issuer"), a public corporation and political subdivision organized and existing under the laws of the State of West Virginia, of \$1,185,479 Sewer Revenue Bonds, Series 1987 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated March 30, 1987, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1987, at the rate of 8.38% per annum, and with principal installments payable on October 1 in each of the years 1989 through 2026, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of new

sewerage facilities of the Issuer (the "Project") (ii) paying interest on the Local Bonds during the construction of the Project and for approximately three months thereafter; and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond resolution duly adopted by the Governmental Agency on April 13, 1987, as supplemented by a supplemental resolution adopted April 13, 1987 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

Based upon the foregoing, and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Issuer is a duly organized and validly existing public corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the consent of the Authority.

3. The Local Act and all other necessary resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the net revenues of the System referred to in the Local Act and secured by a first lien on and pledge of the net revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act.

5. The interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations

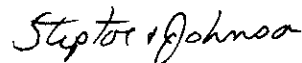
(as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income adjusted current earnings for taxable Years ending after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The Local Bonds are, under the Local Statute, exempt from all taxation by the State of West Virginia and the other taxing bodies of the State and the interest on the Local Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Local Bond numbered AR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,



STEPTOE & JOHNSON

04/07/87  
SROCK1-F





# STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 622-2676

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

CHARLESTON

CHARLES W. YEAGER  
CARL F. STUCKY, JR.  
OTIS L. O'CONNOR  
WAYNE A. SINCLAIR  
JAMES R. WATSON  
DANIEL R. SCHUDA  
SPRAGUE W. HAZARD  
HERSCHEL H. ROSE III  
CHRISTOPHER P. BASTIEN  
STEVEN P. MCGOWAN  
MARTIN R. SMITH, JR.

OF COUNSEL

ROBERT W. LAWSON, JR.  
EDWARD W. EARDLEY  
EUGENE G. EASON

WRITER'S DIRECT DIAL NUMBER

CLARKSBURG

RALPH BOHANNON  
ERNEST C. SWIGER  
HERBERT G. UNDERWOOD  
JACKSON L. ANDERSON  
ROBERT G. STEELE  
JAMES M. WILSON  
PATRICK D. DEEM  
ROBERT M. STEPTOE, JR.  
ANNE R. WILLIAMS  
JAMES D. GRAY  
VINCENT A. COLLINS  
JAMES A. RUSSELL  
FRANK E. SIMMERMAN, JR.  
WILLIAM T. BELCHER  
MICHAEL L. BRAY  
DAVID C. CLOVIS  
J. GREG GOODYKOONTZ  
IRENE M. KEELEY  
EVANS L. KING, JR.  
WALTER L. WILLIAMS  
SUSAN S. BREWER  
RONALD H. HANLAN  
C. DAVID MORRISON  
HARRY P. WADDELL  
CLEMENT D. CARTER III  
W. HENRY LAWRENCE IV  
WILLIAM E. GALEOTA  
GORDON H. COPLAND  
RANDALL C. LIGHT  
RICHARD M. YURKO, JR.  
GARY W. NICKERSON  
W. RANDOLPH FIFE

April 15, 1987

## Salt Rock Sewer Public Service District Sewer Revenue Bonds, Series 1987 B

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We have acted as bond counsel in connection with the issuance by Salt Rock Sewer Public Service District (the "Issuer"), a public corporation and political subdivision organized and existing under the laws of the State of West Virginia of \$290,771 Sewer Revenue Bonds, Series 1987 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated March 30, 1987, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1989 through 2026, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated March 30, 1987, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue Bonds, Series 1987 A" (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

//

The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of new sewerage facilities of the Issuer (the "Project"), and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond resolution duly adopted by the Governmental Agency on April 13, 1987, as supplemented by a supplemental resolution adopted April 13, 1987 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

Based upon the foregoing, and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Issuer is a duly organized and validly existing public corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

2. The Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the consent of the Authority.

3. The Local Act and all other necessary resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.

4. The Supplemental Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the net revenues of the System referred to in the Local Act and secured by a lien on and pledge of the net revenues of said System, junior and subordinate only

to that created for the Local Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act.

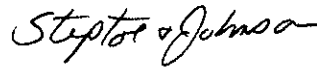
5. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

6. The Supplemental Bonds are, under the Local Statute, exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

It is to be understood that the rights of the holders of the Supplemental Bonds and the enforceability of the Supplemental Bonds and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Supplemental Bond numbered BR-1, and in our opinion the form of such bond and its execution and authentication are regular and proper.

Very truly yours,



STEPTOE & JOHNSON

04/07/87  
SROCK1-G



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 622-2676

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

CHARLESTON

CHARLES W. YEAGER  
CARL F. STUCKY, JR.  
OTIS L. O'CONNOR  
WAYNE A. SINCLAIR  
JAMES R. WATSON  
DANIEL R. SCHUDA  
SPRAGUE W. HAZARD  
HERSCHEL H. ROSE, III  
CHRISTOPHER P. BASTIEN  
STEVEN P. MCGOWAN  
MARTIN R. SMITH, JR.

OF COUNSEL

ROBERT W. LAWSON, JR.  
EDWARD W. EARDLEY  
EUGENE G. EASON

WRITER'S DIRECT DIAL NUMBER

CLARKSBURG

RALPH BOHANNON  
ERNEST C. SWIGER  
HERBERT G. UNDERWOOD  
JACKSON L. ANDERSON  
ROBERT G. STEELE  
JAMES M. WILSON  
PATRICK D. DEEM  
ROBERT M. STEPTOE, JR.  
ANNE R. WILLIAMS  
JAMES D. GRAY  
VINCENT A. COLLINS  
JAMES A. RUSSELL  
FRANK E. SIMMERMAN, JR.  
WILLIAM T. BELCHER  
MICHAEL L. BRAY  
DAVID C. CLOVIS  
J. GREG GOODYKOONTZ  
IRENE M. KEELEY  
EVANS L. KING, JR.  
WALTER L. WILLIAMS  
SUSAN S. BREWER  
RONALD H. HANLAN  
C. DAVID MORRISON  
HARRY P. WADDELL  
CLEMENT D. CARTER III  
W. HENRY LAWRENCE IV  
WILLIAM E. GALEOTA  
GORDON H. COPLAND  
RANDALL C. LIGHT  
RICHARD M. YURKO, JR.  
GARY W. NICKERSON  
W. RANDOLPH FIFE

April 15, 1987

## Salt Rock Sewer Public Service District Sewer Revenue Bonds, Series 1987 A

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$1,185,479 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A (the "Local Bonds"), of Salt Rock Sewer Public Service District (the "Issuer"), and a Certificate as to Arbitrage executed by the Chairman of the public service board of the Issuer on this date.

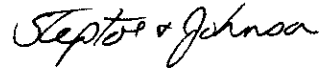
Based upon such Certificate as to Arbitrage, we are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986 (the "Code") to support the conclusion that the Local Bonds are not "arbitrage bonds" as therein defined. No matters have come to our attention which make unreasonable or incorrect such statements, expectations or representations.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Local Bonds are not "arbitrage bonds" as so defined.

West Virginia Water Development Authority  
Page 2

We express no opinion herein as to the taxability of the interest on the Local Bonds in the event of the failure to comply with the certifications and covenants set forth in such Certificate as to Arbitrage.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Steptoe & Johnson".

STEPTOE & JOHNSON

04/07/87  
SROCK1-H



**Hankins & Taylor**  
COUNSELORS AT LAW  
629 SEVENTH STREET  
**Huntington, West Virginia 25701**

JOHN H. HANKINS  
J. SEATON TAYLOR  
FREDERICK G. STAKER III

TELEPHONE 304/697-4800

April 15, 1987

Salt Rock Sewer Public Service District  
Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Steptoe & Johnson  
Post Office Box 2190  
Clarksburg, West Virginia 26301

Gentlemen:

I am counsel to Salt Rock Sewer Public Service District, a public service district, in Cabell County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated March 30, 1987, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the Issuer. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer in accordance with its terms.
2. The members of the public service board of the Issuer have been duly and properly appointed, have taken the requisite oaths, and are authorized to act on behalf of the Issuer.
3. The Local Act has been duly adopted by the Issuer and is in full force and effect.



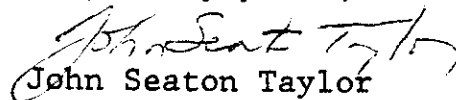
4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, construction of the Project, operation of the System and imposition of rates and charges, including without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The time for appeal of such order of the Public Service Commission of West Virginia has expired prior to the date hereof without any appeal.

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, construction of the Project, operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

  
John Seaton Taylor

JST:nla



SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. GRANTS
11. LOAN AGREEMENT
12. RATES
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION AND PUBLIC HEARING ON BOND  
AND NOTES ORDINANCE
16. PRIVATE USE OF FACILITIES
17. SPECIMEN BONDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the public service board of Salt Rock Sewer Public Service District in Cabell County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$1,476,250 aggregate principal amount of the Salt Rock Sewer Public Service District Sewer Revenue Bonds, Series 1987 A and Series 1987 B (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond and Notes Resolution of the Issuer adopted April 13, 1987, and a Supplemental Resolution adopted April 13, 1987 (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, construction of the Project, operation of the System, receipt of the Grant Receipts or the Gross Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other

moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, construction of the Project, operation of the System, receipt of the Grant Receipts or such pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System and issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority. There are no outstanding debt obligations of the Issuer, or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System. The Issuer has outstanding its Sewerage System Design Notes, Series 1985, in the principal amount of \$572,000, plus interest accrued to the date hereof of \$83,155.84, payable to the order of The First Huntington National Bank, Huntington, West Virginia. The Design Notes will be paid from proceeds of the Bonds concurrently with the issuance and delivery thereof.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Order of County Commission creating Public Service District.

Orders of County Commission appointing current members to Public Service Board.

Certified copies of oaths of office of current members of Public Service Board.

Rules of Procedure of Public Service Board.

Affidavits of Publication of Notice of Borrowing and Filing of PSC Application.

Bond Resolution.

Supplemental Resolution.

Minutes of 1987 Organizational Meeting and  
Adoption of Bond Resolution and Supplemental  
Bond Resolution.

Loan Agreement.

EPA Grant Agreement, as amended.

WDA Grant Agreement.

Public Service Commission Orders entered  
January 26, February 3, and February 20, 1987.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Governmental Agency is "Salt Rock Sewer Public Service District" and it is a public service district duly created by The County Commission of Cabell County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Governmental Agency is its Public Service Board consisting of 3 members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Gail H. Paugh	September 1, 1984	August 31, 1990
William S. Deel	September 1, 1984	August 31, 1988
William B. Roebuck, Jr.	September 1, 1986	August 31, 1992

The names of the duly elected, qualified and acting members of the Public Service Board of the Governmental Agency for the calendar year 1986 are as follows:

Chairman	-	Gail H. Paugh
Secretary	-	William B. Roebuck, Jr.
Treasurer	-	William S. Deel

The duly appointed and acting Attorney for the Governmental Agency is John Seaton Taylor, Esquire, of Huntington, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and operation and maintenance of the System have been

acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the construction, acquisition, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost.

10. GRANTS: As of the date hereof, the EPA has committed to the Issuer the approximate amount of \$5,407,420. Said commitment of EPA is as of this date is still in force and effect. The Other Grants are committed to the Issuer and as of this date remain in force and effect, as follows:

WDA Grant	- \$1,000,000
-----------	---------------

11. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading.

12. RATES: The Issuer has received an Order of the Hearing Examiner of the Public Service Commission of West Virginia entered February 3, 1987, granting a certificate of convenience and necessity for the Project and approving rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, all dated April 15, 1987, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be imprinted upon each of said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof the Issuer received from the Authority the agreed purchase price of the Series 1987 A Bonds, being \$1,185,479 (100% of par value), there being no interest accrued thereon, the Series 1987 B Bonds, *proceeds* to be received in approximately 60 days.

15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published a notice with respect to the acquisition and construction of the Project, anticipated user rates and charges, issuance of the Bonds and filing of a formal application for a certificate of convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended.

16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be

used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public, all within the meaning of Section 141 of the Internal Revenue Code of 1986.


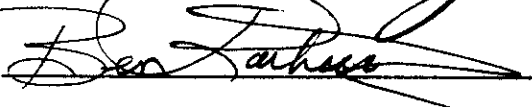

17. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

WITNESS our signatures and the official seal of SALT ROCK SEWER PUBLIC SERVICE DISTRICT on this 15th day of April, 1987.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Chairman

Secretary

Counsel to Issuer

04/13/87  
SROCK1-J





SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1987 A

CERTIFICATE AS TO ARBITRAGE

I, Gail H. Paugh, Chairman of Salt Rock Sewer Public Service District, in Cabell County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$1,185,479 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A, of the Issuer, dated April 15, 1987 (the "Local Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and regulations promulgated thereunder (the "Code"). I am one of the officers of the Issuer charged with the responsibility of issuing the Local Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on April 15, 1987, the date on which the Local Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the resolution pursuant to which the Local Bonds are issued, the Issuer has covenanted to make no use of the proceeds of the Local Bonds which would cause the Local Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Local Bonds were sold on April 15, 1987, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$1,185,479 (100% of par).

7. The Local Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of paying a portion of the costs of acquisition and construction of certain new sewerage facilities (the "Project"), capitalizing interest on the Local Bonds and paying costs of issuance thereof.

8. The Issuer shall, within 30 days following delivery of the Local Bonds, enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, all of the proceeds from the sale of the Local Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before July 1, 1988. Construction of the Project is expected to be completed by June 1, 1988.

9. The total cost of the Project is estimated at \$7,812,270. Sources of funding for the Project are as follows:

EPA Grant	\$5,407,420
Other Grants	1,000,000
Tap Fees	72,500
Net proceeds of Series A and Series B Bonds (Gross Proceeds less \$143,900 costs of financing, including \$126,900 capitalized interest)	<u>1,332,350</u>
Total	<u>\$7,812,270</u>

The amount of Project costs not expected to be reimbursed or paid from grants, Series 1987 B Bonds proceeds and tap fees is estimated to be at least \$1,185,479. Except for the proceeds of the Local Bonds, the Series 1987 B Bonds, the Grants and the tap fees, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Local Act, the following special funds or accounts have been created:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Bond Construction Trust Fund;
- (4) Series 1987 A Bonds Sinking Fund, and within the Series 1987 A Bonds Sinking Fund the Series 1987 A Bonds Reserve Account; and
- (5) Series 1987 B Bonds Sinking Fund, and within the Series 1987 B Bonds Sinking Fund the Series 1987 B Bonds Reserve Account.

11. Pursuant to Article VI of the Local Act the proceeds of the Local Bonds (and the Series 1987 B Bonds described in the Local Act, which bear no interest) will be deposited as follows:

- (1) Local Bonds proceeds in the amount of \$126,900 will be deposited in the Series 1987 A Bonds Sinking Fund to pay interest on the Series 1987 A Bonds for a period of approximately 18 months.
- (2) Local Bonds proceeds in the amount of \$655,155.84 will be applied to payment of certain Design Notes heretofore issued by the Issuer for the purpose of temporarily financing a portion of the Costs of the Project.
- (3) The balance of the proceeds of the Local Bonds and the Series 1987 B Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Local Bonds and related costs.

12. All moneys in the Series 1987 A Bonds Sinking Fund (with the exception of investment earnings thereon) will be held for the payment of the interest to accrue on the Local Bonds on or prior to the maturity thereof. Moneys held in the Series 1987 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Local Bonds and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the Series 1987 A Bonds Sinking Fund and Series 1987 A Bonds Reserve Account will be withdrawn therefrom and deposited into the Bond Construction Trust Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the

Revenue Fund, and such amounts will be applied in full, first to the next ensuing interest payment, if any, due on the Series 1987 A Bonds, and then to the next ensuing principal payment due thereon.

13. Except for the Series 1987 A Bonds Sinking Fund, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Local Bonds or which are pledged as collateral for the Local Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Local Bonds, if the Issuer encounters financial difficulties.

14. The Issuer expects to enter into a contract within 6 months of the date hereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within 3 years of May 22, 1986.

16. All of the proceeds from the sale of the Bonds which will be used for payment of costs of the Project, together with any investment earnings thereon, will be expended for such purpose by May 1, 1989.

17. The Issuer does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Bonds.

18. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

19. The Issuer expects that no part of the Project financed by the Local Bonds will be sold or otherwise disposed of prior to the last maturity date of the Local Bonds.

20. With the exception of the amounts deposited in the Series 1987 A Bonds Sinking Fund for payment of interest on the Local Bonds, all of the proceeds of the Local Bonds will be expended on the Project within 13 months from the date of issuance thereof.

21. Any money deposited in the Series 1987 A Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds (other than the Series 1987 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

22. The Issuer covenants and agrees to comply with the rebate requirements of the Code, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Local Bonds.


23. Steptoe & Johnson is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Local Bonds.

24. The original proceeds of the Local Bonds will not exceed the amount necessary for the purposes of the issue.

25. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

IN WITNESS WHEREOF, I have set my hand this 15th day of April, 1987.

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

By   
Chairman, Public Service Board

04/09/87  
SROCK1-K



SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

ENGINEER'S CERTIFICATE

I, Joseph F. Dunn, Registered Professional Engineer, West Virginia License No. 4492 of DUNN ENGINEERS, INC., consulting engineers, of Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain sewerage facilities (the "Project") for Salt Rock Sewer Public Service District in Cabell County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition are being financed in part by proceeds of the above-captioned bonds (the "Bonds") and out of certain grant proceeds from the United States Environmental Protection Agency and the West Virginia Water Development Authority (the "WDA").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto and as described in the Application submitted to WDA and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of Salt Rock Sewer Public Service District; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the construction thereof have been obtained; (iii) my firm has examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in said Application and my firm will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates

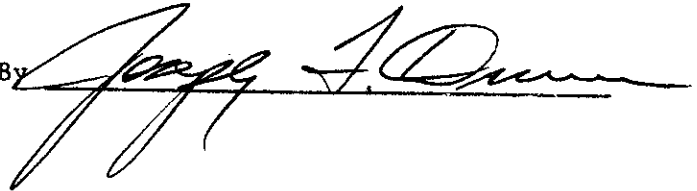


and charges for the sewerage system of the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between WDA and the Issuer; and (viii) the net proceeds of the Bonds, together with the proceeds of grants irrevocably committed therefor and other moneys on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to WDA on the date of the Loan Agreement.

WITNESS my signature on this 15th day of April, 1987.

DUNN ENGINEERS, INC.

By

A handwritten signature in cursive script, appearing to read "Joseph J. Dunn", written over a horizontal line.

04/09/87  
SROCK1-L



JEROME HAYFLICH, CPA  
JACK STEINBERG, CPA  
MICHAEL GERBER, CPA  
JOHN R. LAFEAR, CPA  
ROBERT E. DELAWDER, CPA

HAYFLICH & STEINBERG

*Certified Public Accountants*

SUITE 1000 CHAFIN BUILDING - P. O. BOX 2094  
HUNTINGTON, WEST VIRGINIA 25721  
TELEPHONE NO. 304/697-5700

April 15, 1987

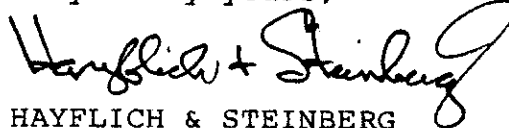
Salt Rock Sewer Public Service District  
Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25065

Gentlemen:

Based upon the rates and charges as set forth and approved in the order of the Public Service Commission of West Virginia (Case No. 86-299-S-CN) entered February 3, 1987, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Dunn Engineers, Inc., consulting engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of Salt Rock Sewer Public Service District, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount (\$111,896) required in any year for debt service on the Sewer Revenue Bonds, Series 1987 A and Series 1987 B, to be issued to West Virginia Water Development Authority and all other obligations secured or payable from the revenues of the System prior to or on a parity with such Bonds.

Very truly yours,

  
HAYFLICH & STEINBERG



At a Regular Session of the County Commission of Cabell County, West Virginia, held at the Court House thereof, on the sixteenth day of August, 1984, the following order was made and entered:

IN THE MATTER OF MAINTAINING THE SALT ROCK PUBLIC SERVICE DISTRICT AS TWO SEPARATE ENTITIES

The following resolution was offered by

Ted T. Barr, President:

RESOLVED: The County Commission of Cabell County maintain the Salt Rock Public Service District as two separate entities, to be known respectively as the "Salt Rock Water Public Service District" and the "Salt Rock Sewer Public Service District."

The adoption of the foregoing resolution having been moved by Bill Dunfee, Commissioner, and duly seconded by Robert B. Hayes, Commissioner, the vote thereon was as follows:

Ted T. Barr, President	<u>Aye</u>
Bill Dunfee, Commissioner	<u>Aye</u>
Robert B. Hayes, Commissioner	<u>Aye</u>

Whereupon, Ted T. Barr, President, declared said resolution duly adopted; and it is therefore ADJUDGED AND ORDERED that said resolution be, and the same is, hereby adopted.

Ted T. Barr  
Ted T. Barr, President

Bill Dunfee  
Bill Dunfee, Commissioner

Robert B. Hayes  
Robert B. Hayes, Commissioner

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF CABELL COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT THE COURT-HOUSE THEREOF ON THURSDAY THE SIXTEENTH DAY OF AUGUST, A.D. 1984.

MEMBERS: THE HONORABLE TED T. BARR, PRESIDENT, BILL DUNFEE AND ROBERT B. HAYES, GENTLEMEN COMMISSIONERS OF THE COUNTY.

RE: AN ORDER MAINTAINING THE SALT ROCK PUBLIC SERVICE DISTRICT AS TWO SEPARATE ENTITIES, TO BE KNOWN RESPECTIVELY AS THE "SALT ROCK WATER PUBLIC SERVICE DISTRICT" AND THE "SALT ROCK SEWER PUBLIC SERVICE DISTRICT," EACH HAVING THE PURPOSES AND BOUNDARIES HEREINAFTER DESCRIBED.

WHEREAS, The County Commission of Cabell County, West Virginia, by an order adopted on the second day of July, 1984, fixed the date for a public hearing on the proposed maintenance of the Salt Rock Public Service District as two separate entities, to be known respectively as the "Salt Rock Water Public Service District" and the "Salt Rock Sewer Public Service District" and in and by said order provided that all persons residing in or owning or having any interest in property in the proposed Salt Rock Water Public Service District or the Salt Rock Sewer Public Service District might appear before the County Commission at this meeting and have an opportunity to be heard for or against the maintenance of the Salt Rock Public Service District as such two separate entities; and,

WHEREAS, notice of this hearing and the time and place hereof was duly given in the manner provided and required by said order and by Article 13A of Chapter 16 of the West Virginia Code, 1931, as amended, and all interested persons have been afforded an opportunity of being heard for or against the maintenance of the Salt Rock Public Service District as such two separate entities, but no written protest has been filed by the requisite number of qualified voters registered and residing within said Salt Rock Public Service District or said proposed Salt Rock Water Public Service District or said Salt Rock Sewer Public Service District, and the County Commission has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, said hearing was held at the time and place stated in said order of July 2, 1984, being on August 6, 1984 at 7:30 p.m. Eastern Daylight Savings Time, in the Ona Junior High School Library, and the County of Cabell, the Cabell County Commission considered the question of maintaining the Salt Rock Public Service District as such two separate entities; and,

WHEREAS, it is now deemed necessary, feasible and proper in the interest of clarity and for the preservation of the public health, comfort and convenience, and is in the best interests of the residents of the Salt Rock Public Service District and suitable, proper and in accordance with Article 13A of Chapter 16 of the West Virginia Code, 1931, as amended, for the County Commission to enter this order maintaining said Salt Rock Public Service District as two separate entities, to be known respectively as the "Salt Rock Water Public Service District" and the "Salt Rock Sewer Public Service District", each having the purposes and boundaries hereinafter described;

NOW, THEREFORE, be it resolved and ordered by the County Commission of Cabell County, West Virginia, as follows

Section 1: The Salt Rock Public Service District shall be maintained as two separate entities, to be known respectively as the "Salt Rock Water Public Service District" (the "Water District") and the "Salt Rock Sewer Public Service District" (the "Sewer District").

Section 2: The Water District shall embrace the territory embraced by the Salt Rock Public Service District, created by an order of the County Court (now, the County Commission) of Cabell County, West Virginia (the "County Commission"), entered on December 30, 1974 (the "Original Order"), consisting of an area of 56.00 square miles, within the McComas, Union and Grant Magisterial Districts of Cabell County, West Virginia, described in Book 43, pages 241, et seq. of the Commission's Records, located in the Clerk's Office with boundaries as follows:

BEGINNING at a point in the Cabell County and Lincoln County boundary, said point having a latitude of  $N38^{\circ}20'9''$  and longitude  $W82^{\circ}10'10''$ ; thence following the said Cabell and Lincoln County boundaries in a southwesternly direction 2.46 miles to a point in the existing Salt Rock Public Service District boundary thence leaving the said Cabell and Lincoln County boundary  $N46^{\circ}08'W$ , 2.20 miles following the boundary of the existing Salt Rock Public Service District boundary to a point; thence North, 1.15 miles following the existing Salt Rock Public Service District boundary to a point in the centerline of the Guyandotte River; thence with centerline of the Guyandotte River and Smith Creek in a southwesternly direction 2.00 miles to a point; thence  $S72^{\circ}03'W$ , 0.53 miles following the existing Salt Rock Public Service District boundary to a point having a latitude of  $N38^{\circ}20'18''$  and longitude  $W82^{\circ}15'00''$ ; thence south 1.75 miles following the existing Salt Rock Public Service District boundary to a point having a latitude of  $N38^{\circ}18'49''$  and longitude  $W82^{\circ}15'00''$ ; thence west, 1.77 miles leaving the existing Salt Rock Public Service District boundary to a point in the McComas Magisterial District boundary; thence following the McComas Magisterial District boundary 12.78 miles to a point having a latitude of  $N38^{\circ}23'45''$  and  $W82^{\circ}15'00''$ ; thence north 1.50 miles leaving the McComas Magisterial District boundary to a point on the centerline of the Mud River; thence following the centerline of the Mud River 5.11 miles to a point; thence north 2.00 miles to a point having a latitude of  $N38^{\circ}28'32''$  and longitude  $W82^{\circ}13'33''$ ; thence east, 3.20 miles to a point having a latitude  $N38^{\circ}28'32''$  and longitude  $W82^{\circ}10'00''$ ; thence south, 9.63 miles to the point of beginning containing an area of 56.00 square miles within the McComas, Union and Grant Magisterial Districts, Cabell County, West Virginia, (the "Original District") and,

WHEREAS: The County Commission of Cabell County, West Virginia, did by its own order, on February 13, 1980, (the "February, 1980 Order"), expand the Salt Rock Public Service District for Water and Sewer pursuant to West Virginia Code, Chapter 16, Article 13A, Section 2, and as recorded in Book 67, Pages 40, 41, and 42 of the Commissioner's Record, for the purpose of constructing, acquiring, maintaining and improving a Public Service Water and Sewage System within such expanded territory and, also, outside such territory to the extent permitted by law, the expanded areas being described as follows:

#### BOUNDARY DESCRIPTION OF PARCEL 1:

Beginning at a point in the northern boundary of the Salt Rock Public Service District, said point also being a corner with the Cabell Public Service District boundary and having a latitude of  $N38^{\circ}28'32''$  and a longitude of  $W82^{\circ}13'33''$  thence, 3.03 miles in a southwestern direction with the northern boundary of the Cabell Public Service District to a point in the intersection of West Virginia Routes 11 and 17; thence, North 2.19 miles, leaving the boundary of the Cabell Public Service District to a point having a latitude of  $N38^{\circ}30'00''$  and a longitude of  $W82^{\circ}16'50''$ ; thence East, 1.65 miles to a point having a latitude of  $N38^{\circ}30'00''$  and a longitude of  $W82^{\circ}15'00''$ ; thence North, 3.68 miles to a point having a latitude of  $N38^{\circ}33'14''$  and a longitude of  $W82^{\circ}15'00''$ ; thence, East 4.51 miles to a point in the Mason County boundary.

said point having a latitude of N38°33'14" and a longitude of W82°10'00"; thence S48°00'E., 3.04 miles with the Mason County boundary to a point having a latitude of N38°31'27" and a longitude of W82°07'30"; thence, South, 5.75 miles to a point in the northern right-of-way line of Interstate 64; thence 2.14 miles in a southwest direction with the northern right-of-way line of Interstate 64 to a point in the center of Mud River; thence, 0.46 miles with the meanders of Mud River to a point in West Virginia Route 60; thence, South, 1.00 miles leaving Mud River to a point having a latitude of N38°25'00" and a longitude of W82°09'32"; thence, East, 3.10 miles to a point having a latitude of N38°25'00" and a longitude of W82°06'07"; thence South, 3.60 miles to a point in the Lincoln County boundary; thence, 5.53 miles in a southwestern direction with the Lincoln County boundary to a point in the eastern boundary of the Salt Rock Public Service District; thence North, 9.63 miles with the boundary of the Salt Rock Public Service District to a point having a latitude of N38°28'32" and a longitude of W82°10'00"; thence, West, 3.20 miles with the northern boundary of the Salt Rock Public Service District to the POINT OF BEGINNING, containing an area of 61.8 square miles located in the Grant, Union and Barboursville Magisterial Districts.

BOUNDARY DESCRIPTION OF PARCEL 2:

Beginning at a point in the southern boundary of the Salt Rock Public Service District, said point being in the boundary with Wayne County; thence, East, 3.37 miles to a point thence, 8.90 miles with the boundary of Lincoln County to a point being in the common boundary between Wayne and Lincoln Counties; thence, 10.08 miles in a northwestern direction with the Wayne County boundary to the POINT OF BEGINNING, containing an area of 21.3 square miles in the McComas Magisterial District.

BOUNDARY DESCRIPTION OF PARCEL 3:

Beginning at a point in the northern right-of-way line of Interstate 64, said point being the southwest corner of the Cabell Public Service District; thence, 2.45 miles in an eastern direction with the northwest right-of-way line of Interstate 64 (the southern boundary of the Cabell Public Service District) to a point in West Virginia Route 17; thence, 1.05 miles in a southern then a western direction to a point in the western boundary of the Salt Rock Public Service District; thence, South, 1.50 miles with the western boundary of the Salt Rock Public Service District to a point; thence, 3.25 miles in a western direction with the western boundary of the Salt Rock Public Service District to a point having latitude of N38°23'24" and a longitude of W82°17'25"; thence, N15°45'E., 1.89 miles to the POINT OF BEGINNING, containing an area of 3.6 square miles, all in the Barboursville Magisterial District. The above description is amended to delete the 1979 annexed area of the Village of Barboursville.

WHEREAS: The County Commission of Cabell County, West Virginia, did by its own order, on December 17, 1980 (the "December, 1980, Order"), expand the Salt Rock Public Service District for Water and Sewer pursuant to West Virginia Code, Chapter 16, Article 13A, Section 2, and as recorded in Book 72, Pages 508, 509, and 510 of the Commissioner's Record, for the purpose of constructing, acquiring, maintaining and improving a Public Service Water and Sewage System within such expanded territory and, also, outside such territory to the extent permitted by law, the expanded areas being described as follows:



BOUNDARY DESCRIPTION OF PARCEL 1, THE BLUE SULPHUR SECTION:

BEGINNING at a point, said point being formed by the intersection of West Virginia Route 60 with the Western boundary of the Salt Rock Public Service District, thence, in a Northern direction with the Western boundary of the Salt Rock Public Service District to it's Northwest corner, thence, West to a point formed by the intersection of Blue Sulphur Road and Seven Mile Road, thence, due South to a point at Interstate Route 64, thence, in an Eastern direction along Interstate Route 64 to the point of intersection with Blue Sulphur Road, thence, with Blue Sulphur Road to West Virginia Route 60, thence, Easternly to the point of BEGINNING.

BOUNDARY DESCRIPTION OF PARCEL 2, THE WESTERN SECTION:

BEGINNING at a point, said point being the intersection of the WAYNE-CABELL County line and the Lavalette Public Service District's Eastern Line, thence, North with the Lavalette Public Service District's Line to its intersection at Plyborn Branch, thence, due East to Grapevine Branch, thence, in a north Westernly direction to a point (.5) five tenths of a mile East of the Intersection of Green Valley Road and West Virginia Route 10, thence, North Easterly to a point (.5) five tenths of a mile South of Interstate 64 and at Cedar Crest Drive, thence, due East intercepting Darnell Road and continuing due East to West Virginia Route 10 at a point West of Guyan Estates. Then, South to the Guyan River at the Four-H-Camp. Thence, South East with the Guyandotte River to a point formed by intersection of the Guyandotte River and the West Corner of the Salt Rock Public Service District to a point formed by the intersection of the Salt Rock Public Service District and the Wayne-Cabell County line, thence, with the Wayne-Cabell County line in a South Westernly direction to a point of BEGINNING.

The boundary description of Parcel 2, the Western Section, excludes the territory comprising the reduced Cabell Public Service District as follows:

BEGINNING at a point in the Cabell-Wayne County boundary, said point having a latitude of  $N38^{\circ}18'36''$ , and a longitude of  $W82^{\circ}21'10''$ ; thence, North one foot, thence, East one foot, thence, South one foot, thence, West one foot to the point of the BEGINNING containing an area of one square foot with the Barboursville Magisterial District, Cabell County, West Virginia.

Section 3: The Sewer District shall embrace the territory embraced by the Salt Rock Public Service District, created by an order of the County Court (now, the County Commission) of Cabell County, West Virginia (the "County Commission"), entered on December 30, 1974 (the "Original Order"), consisting of an area of 56.00 square miles, within the McComas, Union and Grant Magisterial Districts of Cabell County, West Virginia, described in Book 43, pages 241, et seq. of the Commission's Records, located in the Clerk's Office with boundaries as follows

BEGINNING at a point in the Cabell County and Lincoln County, boundary, said point having a latitude of  $N38^{\circ}20'09''$  and longitude  $W82^{\circ}10'10''$ ; thence following the said Cabell and Lincoln

County boundaries in a southwesternly direction 2.46 miles to a point in the existing Salt Rock Public Service District boundary, thence, leaving the said Cabell and Lincoln County boundary N46°08'W, 2.20 miles following the boundary of the existing Salt Rock Public Service District boundary to a point; thence, North, 1.15 miles following the existing Salt Rock Public Service District boundary to a point in the centerline of the Guyandotte River; thence, with centerline of the Guyandotte River and Smith Creek in a southwesternly direction 2.00 miles to a point; thence, S72°03'W, 0.53 miles following the existing Salt Rock Public Service District boundary to a point having a latitude of N38°20'18" and longitude W82°15'00"; thence, south 1.75 miles following the existing Salt Rock Public Service District boundary to a point having a latitude of N38°18'49" and longitude W82°15'00"; thence, West, 1.77 miles leaving the existing Salt Rock Public Service District boundary to a point in the McComas Magisterial District boundary; thence, following the McComas Magisterial District boundary 12.78 miles to a point having a latitude of N38°23'45" and W82°15'00"; thence, North 1.50 miles leaving the McComas Magisterial District boundary to a point on the centerline of the Mud River; thence following the centerline of the Mud River 5.11 miles to a point; thence, North 2.00 miles to a point having a latitude of N38°28'32" and longitude W82°13'33"; thence, East, 3.20 miles to a point having a latitude N38°28'32" and longitude W82°10'00"; thence, South, 9.63 miles to the point of beginning containing an area of 56.00 square miles within the McComas, Union and Grant Magisterial Districts, Cabell County, West Virginia, (the "Original District") and,

WHEREAS: The County Commission of Cabell County, West Virginia, did by its own order, on February 13, 1980, (the "February, 1980 Order"), expand the Salt Rock Public Service District for Water and Sewer pursuant to West Virginia Code, Chapter 16, Article 13A Section 2, and as recorded in Book 67, Pages 40, 41, and 42 of the Commissioner's Record, for the purpose of constructing, acquiring, maintaining and improving a Public Service Water and Sewage System within such expanded territory and, also, outside such territory to the extent permitted by law, the expanded areas being described as follows:

#### BOUNDARY DESCRIPTION OF PARCEL 1:

Beginning at a point in the northern boundary of the Salt Rock Public Service District, said point also being a corner with the Cabell Public Service District boundary and having a latitude of N38°28'32" and a longitude of W82°13'33" thence, 3.03 miles in a southwestern direction with the northern boundary of the Cabell Public Service District to a point in the intersection of West Virginia Routes 11 and 17; thence, North 2.19 miles, leaving the boundary of the Cabell Public Service District to a point having a latitude of N38°30'00" and a longitude of W82°16'50"; thence East, 1.65 miles to a point having a latitude of N38°30'00" and a longitude of W82°15'00"; thence, North, 3.68 miles to a point having a latitude of N38°33'14" and a longitude of W82°15'00"; thence, East, 4.51 miles to a point in the Mason County boundary, said point having a latitude of N38°33'14" and a longitude of W82°10'00"; thence S48°00'E., 3.04 miles with the Mason County boundary to a point having a latitude of N38°31'27" and a W82°07'30"; thence, South, 5.75 miles to a point in the northern right-of-way line of Interstate 64; thence, 2.14 miles in a south-west direction with the northern right-of-way line of Interstate 64 to a point in the center of Mud River; thence, 0.46 miles with the meanders of Mud River to a point in West Virginia Route 60; thence, South, 1.00 miles leaving Mud River to a point having a latitude of N38°25'00" and a longitude of W82°09'32"; thence, East, 3.10 miles to a point having a latitude of N38°25'00" and a longitude of W82°06'07"; thence South, 3.60 miles to a point in the Lincoln County boundary; thence, 5.53 miles in a southwestern

direction with the Lincoln County boundary to a point in the eastern boundary of the Salt Rock Public Service District; thence North, 9.63 miles with the boundary of the Salt Rock Public Service District to a point having a latitude of N38°28'32" and a longitude of W82°10'00"; thence, West, 3.20 miles with the northern boundary of the Salt Rock Public Service District to the POINT OF BEGINNING, containing an area of 61.8 square miles located in the Grant, Union and Barboursville Magisterial Districts.

BOUNDARY DESCRIPTION OF PARCEL 2:

Beginning at a point in the southern boundary of the Salt Rock Public Service District, said point being in the boundary with Wayne County; thence, East, 3.37 miles to a point thence, 8.90 miles with the boundary of Lincoln County to a point being in the common boundary between Wayne and Lincoln Counties; thence, 10.08 miles in a northwestern direction with the Wayne County boundary to the POINT OF BEGINNING, containing an area of 21.3 square miles in the McComas Magisterial District.

BOUNDARY DESCRIPTION OF PARCEL 3:

Beginning at a point in the northern right-of-way line of Interstate 64, said point being the southwest corner of the Cabell Public Service District; thence, 2.45 miles in an eastern direction with the northwest right-of-way line of Interstate 64 (the southern boundary of the Cabell Public Service District) to a point in West Virginia Route 17; thence, 1.05 miles in a southern then a western direction to a point in the western boundary of the Salt Rock Public Service District; thence, South, 1.50 miles with the western boundary of the Salt Rock Public Service District to a point; thence, 3.25 miles in a western direction with the western boundary of the Salt Rock Public Service District to a point having latitude of N38°23'24" and a longitude of W82°17'25" thence, N15°45'E., 1.89 miles to the POINT OF BEGINNING, containing an area of 3.6 square miles, all in the Barboursville Magisterial District. The above description is amended to delete the 1979 annexed area of the Village of Barboursville.

WHEREAS: The County Commission of Cabell County, West Virginia, did by its own order, on December 17, 1980 (the "December, 1980, Order"), expand the Salt Rock Public Service District for Water and Sewer pursuant to West Virginia Code, Chapter 16, Article 13A, Section 2, and as recorded in Book 72, Pages 508, 509, and 510 of the Commissioner's Record, for the purpose of constructing, acquiring, maintaining and improving a Public Service Water and Sewage System within such expanded territory and, also, outside such territory to the extent permitted by law, the expanded areas being described as follows:

BOUNDARY DESCRIPTION OF PARCEL 1, THE BLUE SULPHUR SECTION:

BEGINNING at a point, said point being formed by the intersection of West Virginia Route 60 with the Western boundary of the Salt Rock Public Service District, thence, in a Northern direction with the Western boundary of the Salt Rock Public Service District to it's Northwest corner, thence, West to a point formed by the intersection of Blue Sulphur Road and Seven Mile Road, thence, due South to a point at Interstate Route 64, thence, in an Eastern direction along Interstate Route 64 to the point of intersection with Blue Sulphur Road, thence, with Blue Sulphur Road to West Virginia Route 60, thence, Easternly to the point of BEGINNING.

BOUNDARY DESCRIPTION OF PARCEL 2, THE WESTERN SECTION:

BEGINNING at a point, said point being the intersection of the WAYNE-CABELL County line and the Lavalette Public Service District's

Eastern Line, thence, North with Lavalette Public Service District's Line to its intersection at Plyborn Branch, thence, due East to Grapevine Branch, thence, in a North Westernly direction to a point (.5) five tenths of a mile East of the Intersection of Green Valley Road and West Virginia Route 10, thence, North Easterly to a point (.5) five tenths of a mile South of Interstate 64 and at Cedar Crest Drive, thence, due East intercepting Darnell Road and continuing due East to West Virginia Route 10 at a point West of Guyan Estates. Then, South to the Guyan River at the Four-H-Camp. Thence, South East with the Guyandotte River to a point formed by intersection of the Guyandotte River and the West Corner of the Salt Rock Public Service District to a point formed by the intersection of the Salt Rock Public Service District and the Wayne-Cabell County line, thence, with the Wayne-Cabell County line in a South Westernly direction to a point of BEGINNING.

The boundary description of Parcel 2, the Western Section, excludes the territory comprising the reduced Cabell Public Service District as follows:

BEGINNING at a point in the Cabell-Wayne County boundary, said point having a latitude of  $N38^{\circ}18'36''$ , and a longitude of  $W82^{\circ}21'10''$ ; thence, North one foot, thence, East one foot, thence South one foot, thence, West one foot to the point of the BEGINNING containing an area of one square foot with the Barboursville Magisterial District, Cabell County, West Virginia.

Section 4: With no further action being necessary to effect such, all rights, permits, obligations, agreements, contracts, covenants and other interests of the Salt Rock Public Service District pertaining to water services or public service properties supplying water services, including any outstanding water revenue bonds, shall be those of the Water District, and all rights, permits, obligations, agreements, contracts, covenants and other interests of the Salt Rock Public Service District pertaining to sewerage services or public service properties supplying sewerage services, including any outstanding sewer revenue bonds and any rights or permits received, obligations or covenants made or agreements or contracts entered with respect to any contemplated issue or contracts entered with respect to any contemplated issue of sewer revenue bonds, shall be those of the Sewer District.

Section 5: The same territory shall be included within the boundaries of both the Water District and the Sewer District.

Section 6: Mr. Lon Lewis, Jr., Mr. T.U. Gottshall and Mr. Paul Dewey Gill shall serve on the Salt Rock Water Public Service District, each to serve the respective term designated in the order of the County Commission appointing him to the public service board of the Salt Rock Public Service District. Three new Commissioners will be choosen each to serve on the Salt Rock Sewer Public Service District the respective term designated in the order of the County Commission appointing him or her to the public service board.

Adopted and entered this sixteenth day of August, 1984, A.D.

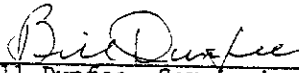
BOOK 103 PAGE 40

TESTE:

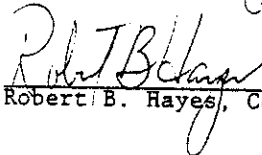
THE COUNTY COMMISSION OF CABELL  
COUNTY, WEST VIRGINIA



President



Bill Dunfee, Commissioner



Robert B. Hayes, Commissioner

APPROVED BY:



Bill Watson, County Attorney



At a Regular Session of the County Commission of Cabell County, West Virginia, held at the Court House thereof, on the 27th day of August, 1984, the following order was made and entered:

IN THE MATTER OF THE APPOINTMENT OF WILLIAM S. DEEL AS COMMISSIONER  
TO THE SALT ROCK SEWER PUBLIC SERVICE DISTRICT

The following resolution was offered by

Ted T. Barr, President:

RESOLVED: That the County Commission of Cabell County, West Virginia do and it hereby does appoint William S. Deel as Commissioner to the Salt Rock Sewer Public Service District for a term beginning September 1, 1984 and ending August 31, 1988.

FURTHER RESOLVED: That the Clerk of the County Commission of Cabell County, West Virginia is hereby directed to send a Certified Copy of this Order to Mr. Deel whose address is 2208 Circle Drive, Milton, West Virginia 25541. and to the Salt Rock Water Public Service District Office, Hinchman Bend Road, Salt Rock, West Virginia 25559.


The adoption of the foregoing resolution having been moved by Bill Dunfee, Commissioner, and duly seconded by Robert B. Hayes, Commissioner, the vote thereon was as follows:


Ted T. Barr, President	<u>Aye</u>
Bill Dunfee, Commissioner	<u>Aye</u>
Robert B. Hayes, Commissioner	<u>Aye</u>

Whereupon, Ted T. Barr, President, declared said resolution duly adopted and it is therefore ADJUDGED and ORDERED that said resolution be, and the same is, hereby adopted.



Ted T. Barr, President

  
Bill Dunfee, Commissioner

  
Robert B. Hayes, Commissioner

At a Regular Session of the County Commission of Cabell County, West Virginia, held at the Court House thereof, on the 27th day of August, 1984, the following order was made and entered:

IN THE MATTER OF THE APPOINTMENT OF GAIL H. PAUGH AS COMMISSIONER  
TO THE SALT ROCK SEWER PUBLIC SERVICE DISTRICT

The following resolution was offered by

Ted T. Barr, President:

RESOLVED: That the County Commission of Cabell County, West Virginia do and it hereby does appoint Gail H. Paugh as Commissioner to the Salt Rock Sewer District for a term beginning September 1, 1984 and ending August 31, 1990.

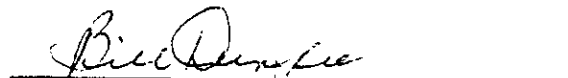
FURTHER RESOLVED: That the Clerk of the County Commission of Cabell County, West Virginia is hereby directed to send a Certified Copy of this Order to Mr. Paugh whose address is 100 Valley View Drive, Milton, West Virginia 25541 and to the Salt Rock Water Public Service District Office, Hinchman Bend Road, Salt Rock, West Virginia 25559.


The adoption of the foregoing resolution having been moved by Bill Dunfee, Commissioner, and duly seconded by Robert B. Hayes, Commissioner, the vote thereon was as follows:

Ted T. Barr, President	<u>Aye</u>
Bill Dunfee, Commissioner	<u>Aye</u>
Robert B. Hayes, Commissioner	<u>Aye</u>

Whereupon, Ted T. Barr, President, declared said resolution duly adopted and it is therefore ADJUDGED and ORDERED that said resolution be, and the same is, hereby adopted.

  
Ted T. Barr, President

  
Bill Dunfee, Commissioner

  
Robert B. Hayes, Commissioner



At a Regular Session of the County Commission of Cabell County, West Virginia, held at the Court House thereof on the 29th day of September, 1986, the following order was made and entered:

IN THE MATTER OF THE APPOINTMENT OF WILLIAM B. ROEBUCK, JR. AS COMMISSIONER TO THE SALT ROCK SEWER PUBLIC SERVICE DISTRICT

The following resolution was offered by

Ted T. Barr, President:

RESOLVED: That the County Commission of Cabell County, West Virginia do and it hereby does appoint William B. Roebuck, Jr. as Commissioner to the Salt Rock Sewer Public Service District for a term beginning September 29, 1986 and ending September 28, 1992.

FURTHER RESOLVED: That the Clerk of the County Commission of Cabell County, West Virginia is hereby directed to send a Certified Copy of this Order to Mr. Roebuck whose address is Rolling Hills Estate, Milton, West Virginia 25541 and to the Salt Rock Water Public Service District Office, Hinchman Bend Road, Salt Rock, West Virginia 25559.

The adoption of the foregoing resolution having been moved by Forest Underwood, Commissioner, and duly seconded by Robert B. Hayes, Commissioner, the vote thereon was as follows:

Ted T. Barr, President	<u>Aye</u>
Robert B. Hayes, Commissioner	<u>Aye</u>
Forest Underwood, Commissioner	<u>Aye</u>

Whereupon, Ted T. Barr, President, declared said resolution duly adopted and it is therefore ADJUDGED and ORDERED that said resolution be, and the same is, hereby adopted.

  
Ted T. Barr, President

Robert B. Hayes, Commissioner

  
Forest Underwood, Commissioner

BOOK 0112 629

State of West Virginia, Cabell County Clerk's Office  
I, Hercil H. Gartin, Clerk of the said Commission, do hereby certify that the foregoing is a true and correct copy and transcript from the record of my office aforesaid.

Given under my hand and seal of the said Commission, at Huntington, West Virginia, this the 8th day of April, 1987. Book 0112

At page 1629  
HERCIL H. GARTIN, Clerk, Cabell County Commission  
By Charlotte Riden Deputy

OATH OF OFFICE OF APPOINTIVE OFFICER

STATE OF WEST VIRGINIA,

COUNTY OF CABELL, TO-WIT:

I, Gail H. Paugh, who was on the 27 day of  
August, 1984, duly appointed by Cabell County Commission  
Commission of Cabell County, West Virginia and approved  
by the County ~~CLERK~~ of Cabell County, West Virginia, to the office of Salt Rock Sewer District  
Commissioner in and for Cabell Cabell Commission  
District, Cabell County, West Virginia, for the unexpired term beginning on the 1st day of  
September, 1984, and ending on the 31 day of August, 1990,  
or sooner, at the will and pleasure of the said Cabell County Commission, or  
upon the election and qualification of my successor, do solemnly swear that I will support the Con-  
stitution of the United States, the Constitution of the State of West Virginia, and that I will faith-  
fully discharge the duties of my said office of Salt Rock Sewer District  
to the best of my skill and judgment, so help me, God.

Given under my hand and seal this the 27 day of August, 1984.

Gail H. Paugh (Seal)

Taken, sworn to and subscribed before me, the undersigned authority, in and for Cabell County,  
West Virginia, by Hercil H. Gartin,  
this the 27 day of August, 1984.

WITNESSED:

Hercil H. Gartin  
Clerk, Cabell County, West Virginia.

Red T. Bann PRESIDE.

Robert B. Bann COMMISSIONER.  
Robert B. Bann COMMISSIONER.

BOOK NO. \_\_\_\_\_ PAGE NO. \_\_\_\_\_

## OATH OF OFFICE OF APPOINTIVE OFFICER

STATE OF WEST VIRGINIA,

COUNTY OF CABELL, TO-WIT:

I, William S. Deel, who was on the 27 day of August, 19 84, duly appointed by Cabell County Commission, Commission of Cabell County, West Virginia and approved by the County ~~Court~~ of Cabell County, West Virginia, to the office of Commissioner Salt Rock Sewer Public Service District in and for Cabell County Commission District, Cabell County, West Virginia, for the unexpired term beginning on the 1st day of September, 19 84, and ending on the 31 day of August, 19 88 or sooner, at the will and pleasure of the said Cabell County Commission, or upon the election and qualification of my successor, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my said office of Commissioner Salt Rock Sewer Public Service Dist. to the best of my skill and judgment, so help me, God.

Given under my hand and seal this the        day of       , 19       

William S. Deel (Seal)

Taken, sworn to and subscribed before me, the undersigned authority, in and for Cabell County, West Virginia, by Hercil H. Gartin, this the        day of       , 19       

Hercil H. Gartin  
County Clerk, Cabell County, West Virginia.

APPROVED: \_\_\_\_\_

Ted T. Brown PRESIDENT

\_\_\_\_\_  
COMMISSIONER

Robert B. Brown  
COMMISSIONER

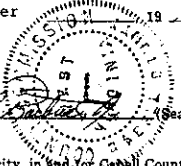
OATH OF OFFICE OF APPOINTIVE OFFICER

STATE OF WEST VIRGINIA,

COUNTY OF CABELL, TO-WIT:

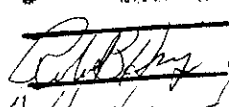
I, William B. Roebuck, Jr., who was on the 29 day of September, 1986, duly appointed by Salt Rock Public Service District of Cabell County, West Virginia and approved by the County Court of Cabell County, West Virginia, to the office of Commissioner in and for District, Cabell County, West Virginia, for the unexpired term beginning on the 29th day of September 19 86, and ending on the 28th day of September, 19 92 or sooner, at the will and pleasure of the said Salt Rock Public Service District upon the election and qualification of my successor, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my said office of Commissioner to the best of my skill and judgment, so help me, God.

Given under my hand and seal this the 3rd day of October 19 86

  
William B. Roebuck, Jr. (Seal)

Taken, sworn to and subscribed before me, the undersigned authority, in and for Cabell County, West Virginia, by Charlotte Rider, Deputy Clerk this the 3rd day of October, 19 86.

Charlotte Rider  
Deputy County Clerk, Cabell County, West Virginia.

  
William B. Roebuck, Jr. COMMISSIONER  
Charlotte Rider COMMISSIONER

BOOK 0112 687

**STATE OF WEST VIRGINIA, COUNTY OF CABELL, SS:**

I, Robert B. Hayes, President of the County Commission of Cabell County, in the State of West Virginia, do certify that Hercil H. Gartin

Clerk of the County Commission of Cabell County, West Virginia, by whom the annexed record, certificate and attestation were made and given, and who in his own proper handwriting, thereunto subscribed his name and affixed the seal of said County Commission of said Cabell County, was at the time of so doing and now is the Clerk of said County Commission in and for said County of Cabell in the State of West Virginia, duly elected and qualified to all of whose acts as such, full faith and credit are and ought to be given, as well in Courts of Judicature as elsewhere, and that said record certificate and attestation are in due form of law and made by the proper officer.

Given under my hand and the Seal of said Commission at the City of Huntington, West Virginia, this 10th day of April, A. D., 19 87.

{ Court }  
{ Seal }

Robert B. Hayes, President  
County Commission of Cabell County, West Virginia



**STATE OF WEST VIRGINIA,  
CABELL COUNTY COMMISSION CLERK'S OFFICE:**

I, Hercil H. Gartin, Clerk of the County Commission of Cabell County, West Virginia, do certify that the Honorable Robert B. Hayes, by whom the foregoing attestation was made and who has heretofore subscribed his name, and who in his own proper handwriting thereto subscribed his name, was, at the time of the making thereof, and still is, President of the County Commission of Cabell County, West Virginia, duly elected and qualified, to all of whose acts as such full faith and credit are and ought to be given, as well as in Courts of Judicature as elsewhere.

In Testimony Whereof, I have hereunto set my hand and affixed the Seal of said court, at the City of Huntington, West Virginia, this the 10th day of April, A. D., 19 87.

{ Court }  
{ Seal }

Hercil H. Gartin, Clerk  
County Commission of Cabell County, West Virginia



RULES OF PROCEDURE

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at Ona, Cabell County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Salt Rock Sewer Public Service District, and in the center "seal" as follows:

Section 4. The fiscal year of the District shall begin the 1st day of July in each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County

Commission of Cabell County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

#### ARTICLE IV

##### MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the \_\_\_\_\_ of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise waived, notice to members by letter or telephone shall be required for regular meetings. Unless otherwise waived, notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least 3 days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

##### PUBLIC NOTICE OF MEETINGS



Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such Public Service Board, and the time, place and purpose of all special sessions of such Public Service Board, shall be made available, in advance, to the public and news media as follows:

A. A notice shall be posted by the Secretary of the Public Service Board of the Public Service District at the front door of the Cabell County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board of the time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Secretary of the Public Service Board at the front door to the Cabell County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least 48 hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

SALT ROCK SEWER PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Salt Rock Sewer Public Service District will meet in special session on \_\_\_\_\_, at \_\_\_\_\_ .m., prevailing \_\_\_\_\_ time, \_\_\_\_\_ at \_\_\_\_\_, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the

issuance of a \_\_\_\_\_  
Bond, Series \_\_\_\_\_, of the District, in the  
principal amount of \$ \_\_\_\_\_, to provide  
funds for construction of \_\_\_\_\_  
\_\_\_\_\_ facilities of the District.

2.

\_\_\_\_\_  
Secretary

Date: \_\_\_\_\_

#### ARTICLE V

##### OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, Secretary and Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in the month of January of such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

#### ARTICLE VI

##### DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these bylaws, or prescribed by law. He

shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

## ARTICLE VII

### AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment or addition shall be made at any special meeting unless notice of the intention to propose such

change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

04/09/87  
SROCK1-N



Minutes

Salt Rock Sewer Public Service District

January 12, 1987

6:30 P.M.

Commissioners in attendance: Gail H. Paugh, William Deel, Ben Roebuck

Others in attendance: T. D. Kauffelt, Mark Kauffelt, Sandra Dyke,  
Joe Dunn, Seaton Taylor and Denville Sovine

The meeting was called to order at 6:35 P.M. by Gail Paugh, Chairman. Mr. Paugh then advised the Board that election of officers for 1987 was necessary and called for nominations. Mr. Deel nominated Gail Paugh for Chairman, seconded by Mr. Roebuck and unanimously approved. Mr. Paugh nominated Bill Deel for Treasurer, seconded by Mr. Roebuck and unanimously approved. Mr. Paugh then nominated Mr. Roebuck for Secretary, seconded by Mr. Deel and unanimously approved.

Mr. Paugh then asked Mr. Dunn to advise the Board of any recent developments on the Ona project. Mr. Dunn advised the Board that he had received the necessary NPDES Permit (WB0084450) from DNR to operate the treatment plant. He also advised Mrs. Dyke that he would provide her with a copy of the permit for her file.

Mr. Dunn then advised the Board that he had been notified by Dave Sugar Inc. that that company is requesting that the discount on their construction bid be withdrawn. Mr. Dunn also advised the Board that rebidding the job would cost approximately \$15,000.00.

After a general discussion of the bids and the schedule of construction, Mr. Deel moved to decline negotiations with Sugar. Mr. Roebuck seconded the motion and it was approved unanimously.

The members then were provided copies of the minutes for December 8, 1986 and upon motion of Mr. Paugh, seconded by Mr. Roebuck, were approved.

Mr. Taylor then advised the Board of an outstanding invoice payable to the Herald-Dispatch for legal advertising. It was the consensus of the Board to have Mr. Taylor make an inquiry as to the correctness of the bill. By a 2-1 vote, the Board authorized payment of any amount still outstanding.

The Chairman then asked for questions from any persons in attendance. Denville Sovine, a resident of Stewart-Gore Addition to the Town of Milton, asked for a progress report on service to his area. Mr. Sovine was advised by Mr. Dunn and the Board of the status of that project.

Mr. Taylor then advised the Board that a regular meeting date should be established for 1987. Upon motion by Mr. Roebuck and seconded by Mr. Deel and unanimously approved, the second Monday of each month is established as the regular meeting date.

T. D. Kauffelt then presented to the Board a proposed order for the case before the Public Service Commission and asked for any comments by the Board or Mr. Dunn and Mr. Taylor, prior to filing.

A general discussion of the Stewart-Gore project was then held. Mr. Dunn discussed the several proposed ways to process waste water for that area.

The Board then decided to meet with the appropriate members of the Milton Sanitary Board to determine their readiness to accept sewerage into the Milton lagoons.

Mr. Paugh advised the Board that he had received another invoice from Hayflich and Steinberg for accounting fees and Mr. Taylor was requested to contact Steve Ward of that firm to advise him of the delays in paying invoices.

The meeting was adjourned at 8:55 P.M.

  
~~Samuel Taylor~~ Chairman

  
SECRETARY





Unmetered Customers: Monthly bill of \$25.24 computed as follows: The total consumption of customers using less than 10,000 gallons of water per month divided by the total number of customers utilizing less than 10,000 gallons of water per month; multiplied by the rate per 1,000 gallons; plus the base rate per month 2,676,000 gallons divided by 563 customers = 4,750 gallons/customer x \$2.46/1,000 gallons = \$11.68 + \$13.58 subscription charge = \$25.26  
Delayed Payment Penalty: On all accounts not paid in full within twenty (20) days of the billing date, ten percent (10%) penalty will be added to the net amount shown.  
Service Connection Fee: For connection to sewer main, with connection to be made by the District - \$258.00.

s/s GAIL H. PAUGH  
Chairman,  
Public Service Board,  
Salt Rock Sewer  
Public Service District  
LH-1465 9-27-10-4-86

**SALT ROCK SEWER  
PUBLIC SERVICE  
DISTRICT, CABELL  
COUNTY, WEST  
VIRGINIA**

\$1,800,000 Sewer Revenue  
Bonds and \$4,000,000  
Sewerage System Interim  
Borrowing

NOTICE IS HEREBY GIVEN to the residents of Salt Rock Sewer Public Service District, Cabell County, West Virginia, that Salt Rock Sewer Public Service District has filed a formal application to the West Virginia Public Service Commission on October 28, 1986, for a certificate of public convenience and necessity approving the acquisition, construction, operation and maintenance of certain public service properties, constituting sewer facilities and consisting of a new sewerage treatment plant, collection lines, lift stations and appurtenant facilities (the "Project") in Salt Rock Sewer Public Service District.

The District contemplates financing the Project in part through the issuance of its Sewer Revenue Bonds in the aggregate principal amount of not to exceed \$1,800,000 (the "Bonds"), bearing interest at a rate not to exceed 12% and with maturities not to exceed 40 years, in part from grants from the United States Environmental Protection Agency and West Virginia Water Development Authority and in part from fees to be charged to customers of the Project and, if available, revenues generated from the Project prior to completion of construction. The estimated cost of the Project is \$7,947,450.

At or following commencement of construction of the Project, the District may borrow, on an interim basis from time to time, sums not to exceed \$6,000,000 in the aggregate, such borrowings to be in the form of bond anticipation notes, grant anticipation notes, construction notes, notes evidencing a line of credit or some combination of the foregoing (collectively, the "Notes"). The Notes shall bear interest at a rate not to exceed 12% per annum, and shall have maturities not to exceed 30 months. All such interim borrowing will be temporary, and repayment of the Notes will be made from proceeds of the Bonds, the aforesaid grants, construction charges, revenues of the Project or a combination of the foregoing.

As security for payment of the Notes, the District may obtain a letter or letters of credit from a commercial bank or banks for an amount not to exceed \$2,000,000. In connection with obtaining such letter or letters of credit, the District may enter into agreements with such banks, obligating the District to reimburse such banks for any draw under the letter or letters of credit and to issue its sewerage system refunding notes, in an amount equal to such draw to evidence such reimbursement obligation. Such refunding notes, if any, will bear interest at such rate or rates, not exceeding 12% per annum, payable on such dates: will mature on such date, not to exceed 24 months from the date of issuance thereof; will be deemed payable from the same sources as the Notes described above and will be subject to such other terms as will be set forth in said reimbursement agreement.

The anticipated rates to be charged by the District for sewer service are: 1) Metered Customers: \$2.46 per 1,000 gallons of water consumption plus a subscription charge of \$13.58 per month. Minimum bill is \$20.96 per month for consumption of 3,000 gallons or less.

## AFFIDAVIT OF PUBLICATION

### STATE OF WEST VIRGINIA, COUNTY OF CABELL, TO-WIT:

I, Fay Lovejoy being first duly sworn, depose and say that I am Legal Clerk for Huntington Publishing Company, a corporation, who publishes at Huntington, Cabell County, West Virginia, the newspaper: The Herald-Dispatch, a independent newspaper, in the morning seven days each week, Monday through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving and Christmas; that I have been duly authorized by the Board of Directors of such corporation to execute this affidavit of publication for and on behalf of such corporation and the newspaper mentioned herein; that the legal advertisement attached in the left margin of this affidavit and made a part hereof and bearing number LH-1465 was duly published in

The Herald-Dispatch

one time, once a week for 2 successive weeks, commencing with its issue of the 27th day of September, 1986, and ending with the issue of the 4th day of October, 1986, and was posted at the East door of Cabell County Courthouse

on the 27th day of September, 1986; that said legal advertisement was published on the following dates: September 27, October 4, 1986

; that the cost of publishing said annexed advertisement as aforesaid was \$104.93; that such newspaper in which such legal advertisement was published has been and is now published regularly, at least as frequently as once a week for at least fifty weeks during the calendar year as prescribed by its mailing permit, and has been so published in the municipality of Huntington, Cabell County, West Virginia, for at least one year immediately preceding the date on which the legal advertisement set forth herein was delivered to such newspaper for publication; that such newspaper is a newspaper of "general circulation" as defined in Article 3, Chapter 59, of the West Virginia Code, within the publication area or areas of the municipality of Huntington, Cabell and Wayne Counties, West Virginia, and

that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper on each date published consists of not less than four pages without a cover; and that it is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices.

Taken, subscribed and sworn to before me in my said county this 4th day of October, 1986

My commission expires 12/20/93

[Signature]  
Notary Public  
Cabell County,  
West Virginia



SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

MINUTES ON ADOPTION OF BOND AND NOTES  
RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, WILLIAM B. ROEBUCK, JR., SECRETARY of the Public Service Board of Salt Rock Sewer Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

\*\*\*

\*\*\*

\*\*\*

The Public Service Board of Salt Rock Sewer Public Service District met in special session, pursuant to notice duly posted, on the 13th day of April, 1987, at Ona, West Virginia, at the hour of 6:30 p.m.

PRESENT: William B. Roebuck, Jr. - Member and  
Secretary/~~Treasurer~~  
William S. Deel - Member  
John Seaton Taylor - Attorney

ABSENT: Gail H. Paugh - Chairman

Also present were Gary L. Cottrill and Samme Gee.

On motion duly made and seconded,  
William S. Deel was appointed Temporary Chairman for the meeting.

William S. Deel, Chairman, presided and William B. Roebuck, Jr. acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. Thereupon, the Chairman presented a proposed Bond and Notes Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND  
CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF  
SALT ROCK SEWER PUBLIC SERVICE DISTRICT AND THE  
FINANCING OF THE COST, NOT OTHERWISE PROVIDED,  
THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF

NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 A, NOT MORE THAN \$400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B, AND NOT MORE THAN \$6,500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Roebuck, seconded by Mr. Deel, it was unanimously ordered that the said Bond and Notes Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B OF SALT ROCK SEWER PUBLIC SERVICE DISTRICT; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Roebuck, seconded by Mr. Deel, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

\*\*\*

\*\*\*

\*\*\*

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 15th day of April, 1987.

  
Secretary, Salt Rock Sewer Public Service  
District, Public Service Board

04/13/87  
SROCK1-P



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 622-2676

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

May 12, 1987

CHARLESTON

CHARLES W. YEAGER

CARL F. STUCKY, JR.

OTIS L. O'CONNOR

WAYNE A. SINCLAIR

JAMES R. WATSON

DANIEL R. SCHUDA

SPRAGUE W. HAZARD

HERSCHEL H. ROSE, III

CHRISTOPHER P. BASTIEN

STEVEN P. MCGOWAN

MARTIN R. SMITH, JR.

OF COUNSEL

ROBERT W. LAWSON, JR.

EDWARD W. EARDLEY

EUGENE G. EASON

WRITER'S DIRECT DIAL NUMBER

CLARKSBURG

RALPH BOHANNON

ERNEST C. SWIGER

HERBERT G. UNDERWOOD

JACKSON L. ANDERSON

ROBERT G. STEELE

JAMES M. WILSON

PATRICK D. DEEM

ROBERT M. STEPTOE, JR.

ANNE R. WILLIAMS

JAMES D. GRAY

VINCENT A. COLLINS

JAMES A. RUSSELL

FRANK E. SIMMERMAN, JR.

WILLIAM T. BELCHER

MICHAEL L. BRAY

DAVID C. CLOVIS

J. GREG GOODYKOONTZ

IRENE M. KEELEY

EVANS L. KING, JR.

WALTER L. WILLIAMS

SUSAN S. BREWER

RONALD H. HANLAN

C. DAVID MORRISON

HARRY P. WADDELL

CLEMENT D. CARTER III

W. HENRY LAWRENCE IV

WILLIAM E. GALEOTA

GORDON H. COPLAND

RANDALL C. LIGHT

RICHARD M. YURKO, JR.

GARY W. NICKERSON

W. RANDOLPH FIFE

Salt Rock Sewer Public Service District  
Sewer Revenue Bonds, Series 1987 A and Series 1987 B

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service  
Internal Revenue Service Center  
Philadelphia, Pennsylvania 19255

Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned bond issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,



Vincent A. Collins

Enclosure

05/12/87  
SROCK1-AA



**Information Return for Tax-Exempt  
Governmental Bond Issues**

► Under Section 149(e)

(Use Form 8038-GC if issue price is under \$100,000.)

OMB No. 1545-0720  
Expires 12-31-89

**Part I Reporting Authority**

Check box if Amended Return ► ☐

1 Issuer's name  
SALT ROCK SEWER PUBLIC SERVICE DISTRICT

2 Issuer's employer identification number  
31-1114246

3 Number and street  
Post Office Box 510

4 Report number  
G198 7 - 1

5 City or town, state, and ZIP code  
Ona, West Virginia 25546

6 Date of issue  
4/15/87

**Part II Type of Issue (check box(es) that applies)**

7 Check box if bonds are tax or other revenue anticipation bonds ► ☐

8 Check box if bonds are in the form of a lease or installment sale ► ☐

9 ☐ Education

10 ☐ Health and hospital

11 ☐ Transportation

12 ☐ Public safety

13 ☒ Environment (including sewage bonds) Sewer Revenue Bonds

14 ☐ Housing

15 ☐ Utilities

16 ☐ Other. Describe (see instructions) ►

Issue Price  
\$1,185,479

**Part III Description of Bonds**

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
17 Final maturity	10-1-26	8.38%	\$1,185,479	\$1,185,479			
18 Entire issue			1,185,479	1,185,479	40 years	8.38%	8.38%

**Part IV Uses of Original Proceeds of Issue (including underwriters' discount) (Level Amortized Payments)**

19 Proceeds used for accrued interest	19	-0-
20 Proceeds used for bond issuance costs (including underwriters' discount)	20	143,900
21 Proceeds used for credit enhancement	21	-0-
22 Proceeds allocated to reasonably required reserve or replacement fund	22	-0-
23 Proceeds used to refund prior issues	23	655,155.84
24 Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c))	24	386,423.16

**Part V Description of Refunded Bonds (complete this part only for refunding bonds)**

25 Enter the remaining weighted average maturity of the bonds to be refunded ► -0- years

26 Enter the last date on which the refunded bonds will be called ► 4/15/87

27 Enter the date(s) the refunded bonds were issued ► 6/10/85

**Part VI Miscellaneous**

28 Enter the amount (if any) of the state volume cap allocated to this issue ► -0-

29 Arbitrage rebate:

a Check box if the small governmental unit exception to the arbitrage rebate requirement applies ☐

b Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply ☐

c Check box if you expect to earn and rebate arbitrage profits to the U.S. ☒

30 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii) ► -0-

31 Pooled financings:

a Check box if any of the proceeds of this issue are to be used to make loans to other governmental units ► ☐ and enter the amount ►

b Check box if this issue is a loan made from the proceeds of another tax-exempt issue ► ☒ and enter the name of the issuer ► West Virginia Water Devel. Authority and the date of the issue ► May 1, 1986

Please  
Sign  
Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of officer

4/15/87

Date

Chairman

Title



20 30 20#

0229022

04/13 15:05



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION III

841 Chestnut Building  
Philadelphia, Pennsylvania 19107

APR 14 1987

Ms. SAMMIE GEE  
Jackson, Kelley, Holt, & O'Farrell  
P. O. Box 553  
Charleston, West Virginia 25322

Re: C-54U438-01  
Salt Rock Sewer PSD

Dear Ms. Gee:

The Salt Rock Sewer Public Service District was notified by this office on April 14, 1987, that the bidding procedures on the referenced project were approved and that the construction contracts may be awarded.

In addition, the Environmental Protection Agency (EPA) Form 5780-1B has been approved by this office. The official approval letter and the grant amendment are currently being processed and will be forwarded under separate cover.

The total eligible costs in the grant amendment will be \$7,102,700 with an EPA grant amount of \$5,407,420.

We hope this information will be helpful to you in assisting the District in the closing of the bonds for financing the project. If you need any further information, please contact Mr. Bruce Smith of this office at (215) 597-8826.

Sincerely,

*Bruce Smith*

*Fair* R. Fenton Roudabush, Chief  
Virginia/West Virginia Section  
Construction Grants Branch

cc: Mr. Mike Johnson, DNR-WV  
Salt Rock Sewer PSD

SEP 29 1983

CERTIFIED MAIL

Re: C-540438-01  
Salt Rock P.S.D.

SEP 28 1983

Mr. Harold Johnson, Chairman  
Salt Rock, Public Service District  
Route 1, Box 221  
Salt Rock, West Virginia 25559

ENCLOSURE

Dear Mr. Johnson:

We are pleased to inform you of the award of a Step 2/3 Federal grant for the preparation of construction drawings and specifications, and construction of wastewater treatment works for the referenced project, as described in your application and approved by the West Virginia Department of Natural Resources.

The grant award is for an amount not to exceed \$4,403,580, and is subject to the conditions set forth in Part III of the Assistance Agreement.

Copies of the applicable Code of Federal Regulations, 40 CFR Parts 30 and 35, are forwarded for your reference.

The original and a copy of the Assistance Agreement are enclosed. The original copy of the Agreement should be signed and returned to Mr. Frank Snock, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely yours,

Greene A. Jones, Director  
Water Management Division

Enclosures

cc: Mr. Warren Means, WVDNR  
Mr. Edgar Henry, WDA  
Mr. Wes King, COE  
Damm Engineers ✓

U.S. ENVIRONMENT PROTECTION AGENCY  
EPA ASSISTANCE AGREEMENT/AMENDMENT  
PART I - ASSISTANCE NOTIFICATION INFORMATION

3. DATE OF AWARD SEP 22 1983  
4. MAILING DATE SEP 29 1983

5. AGREEMENT TYPE		16. PAYMENT METHOD	
<input type="checkbox"/> Cooperative Agreement <input checked="" type="checkbox"/> Grant Agreement <input type="checkbox"/> Assistance Amendment		<input type="checkbox"/> Advance <input checked="" type="checkbox"/> Reimbursement <input type="checkbox"/> Letter of Credit	
7. TYPE OF ACTION		Send Payment Request To	
New		Grants Management Section	
RECIPIENT ORGANIZATION	8. RECIPIENT		9. PAYEE
	Salt Rock Public Service District Route 1, Box 221 Salt Rock, West Virginia 25559		Salt Rock Public Service District Route 1, Box 221 Salt Rock, West Virginia 25559
	EIN NO.		10. RECIPIENT TYPE
	CONGRESSIONAL DISTRICT 4		Public Service District
EPA CONTACT	11. PROJECT MANAGER AND TELEPHONE NO.		12. CONSULTANT (WWT Construction Grants Only)
	Harold Johnson, Chairman 304/736-6180		Dunn Engineers 706 Central Avenue Charleston, West Virginia 25302 304/342-3436
	13. ISSUING OFFICE (City/State)		14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
	Philadelphia, Pennsylvania		Dennis P. Carney West Virginia Section 215/597-4084
15. EPA CONGRESSIONAL LIAISON & TEL. NO.		16. STATE APPL ID (Clearinghouse)	17. FIELD OF SCIENCE
Patricia Gaskins 202/382-5184		N/A	N/A
19. STATUTORY AUTHORITY		20. REGULATORY AUTHORITY	18. PROJECT STEP/WWT CG Only
Clean Water Act		40 CFR Part 35	2/3
21. STEP 2 + 3 & STEP 3 (WWT Construction Only)			
a. Treatment Level: 4 b. Project Type: NEW c. Treatment Process: F d. Sludge Design: 5			
22. PROJECT TITLE AND DESCRIPTION			
The project proposes the design and construction of a combined gravity/pressure sewage collection system and a .26 MGD oxidation ditch sewage treatment plant to serve the Salt Rock PSD in Cabell County, West Virginia. The eligible project includes allowable costs as defined in 40 CFR 35.2250 up to the amount shown in Part II of the Assistance Agreement.			
23. PROJECT LOCATION (Areas Impacted by Project)			
City/Place	County	State	Congressional District
Salt Rock	Cabell	WV	4
24. ASSISTANCE PROGRAM (CFDA Program No. & Title)		25. PROJECT PERIOD	
66.418		Sept. 1983 - Jan. 1987	
26. BUDGET PERIOD		N/A	
27. COMMUNITY POPULATION (WWT CG Only)	28. TOTAL BUDGET PERIOD COST		29. TOTAL PROJECT PERIOD COST
	N/A		\$5,814,500
FUND		FORMER AWARD	THIS ACTION
30. EPA Amount This Action			\$4,403,580
31. EPA In-Kind Amount			
32. Unexpended Prior Year Balance			
33. Other Federal Funds			
34. Recipient Contribution			
35. State Contribution			
36. Local Contribution			
37. Other Contribution			
38. Allowable Project Cost			\$5,814,500
Program Element	FY	Appropriation	Doc. Control No.
66X80	8200	66X0103.E	W23025
66X80	8200	66X0103.E	W23002
Account Number	Object Class	Obligation/Deblig. Amount	
HSHH036006	41.11	\$4,360,870	
HSHL036006	41.11	\$ 42,710	

1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE _____ % BASE _____ %	
11. TOTAL (Share: Recipient _____ % Federal _____ %)	
12. TOTAL APPROVED ASSISTANCE AMOUNT	\$

TABLE B - PROGRAM ELEMENT CLASSIFICATION  
(Non-construction)

1.		N/A
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12. TOTAL (Share: Recipient _____ % Federal _____ %)		
13. TOTAL APPROVED ASSISTANCE AMOUNT	\$	

TABLE C - PROGRAM ELEMENT CLASSIFICATION  
(Construction)

	Basic (75%)	Alternative (10%)
1. ADMINISTRATION EXPENSE	10,000	735
2. PRELIMINARY EXPENSE		
3. LAND STRUCTURES, RIGHT-OF-WAY		
4. ARCHITECTURAL ENGINEERING BASIC FEES	75,600	5,556
5. OTHER ARCHITECTURAL ENGINEERING FEES	78,700	5,784
6. PROJECT INSPECTION FEES	290,500	21,352
7. LAND DEVELOPMENT		
8. RELOCATION EXPENSES		
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES		
10. DEMOLITION AND REMOVAL		
11. CONSTRUCTION AND PROJECT IMPROVEMENT	4,575,000	336,100
12. EQUIPMENT	67,500	4,961
13. MISCELLANEOUS (Design Allowance)	259,741	19,090
14. TOTAL (Lines 1 thru 13)		
15. ESTIMATED INCOME (If applicable)		
16. NET PROJECT AMOUNT (Line 14 minus 15)		
17. LESS: INELIGIBLE EXCLUSIONS		
18. ADD: CONTINGENCIES	457,459	33,522
19. TOTAL (Share: Recipient <u>24.27</u> % Federal <u>75.73</u> %)	5,814,500	427,100
20. TOTAL APPROVED ASSISTANCE AMOUNT	\$4,403,580	\$4,360,870

a. GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. SPECIAL CONDITIONS:

*(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)*

The grantee is subject to all the requirements of 40 CFR Part 35 Subpart I, Part 30, Part 33, and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

1. Regulations Affecting Federal Grant Payments

- a. Payment shall not be made for Step III professional services until the grantee complies with the procurement requirements of 40 CFR Part 33 Subpart A.
- b. The Regional Administrator shall not pay more than 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and shall not pay more than 90% unless the grantee has furnished a satisfactory operation and maintenance manual (40 CFR 35.2206).
- c. Payments shall be made in accordance with 40 CFR 35.2300.
- d. The grantee may submit requests for payments certifying that allowable costs have been incurred in accordance with the following schedule:

<u>Payment No.</u>	<u>Date</u>	<u>Payment</u>	<u>Cumulative Amount</u> (not to be exceeded)
1	2/84	\$ 98,350	\$ 98,350
2	12/84	434,800	533,150
3	1/85	336,530	869,680
4	2/85	336,530	1,206,210
5	3/85	210,330	1,416,540
6	4/85	210,330	1,626,870
7	5/85	252,400	1,879,270
8	6/85	378,600	2,257,870
9	7/85	336,530	2,594,400
10	8/85	420,660	3,015,060
11	9/85	420,660	3,435,720
12	10/85	336,530	3,772,250
13	11/85	210,330	3,982,580
14	1/86	421,000	4,403,580

b. Special Conditions

2. Project Schedule Changes

For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. Of particular interest is any change in completion of final design drawings and specifications, date of advertisement for bids, the building completion date as referenced in 40 CFR 35.2216, and the initiation of project operation date. The latter date is considered, at the time of this grant, to be January, 1986. The grantee further agrees to provide the Regional Administrator, upon request, with a revised schedule for payment.

3. Project Initiation

The grantee agrees to initiate the building of all significant elements of the project within 9 months of the date of the advertisement for bids (40 CFR 35.2212). To the extent practicable this initiation should not occur before all sites, easements and rights-of-way are acquired. The grantee shall notify the Regional Administrator immediately upon award of the contracts.

4. Sewer Use Ordinance and User Charge System

The grantee agrees to adopt its sewer use ordinance and implement its user charge system before the treatment works is placed in operation (40 CFR 35.2208).

5. Project Replacement

The grantee shall inform the Regional Administrator within two (2) years after the initiation of the operation of the project if the project is failing to meet the project performance standards. If necessary the Regional Administrator may award 100% of the allowable costs for modification or replacement (40 CFR 35.2032(d)).

6. Project Performance

The grantee agrees to certify to the Regional Administrator on the date one (1) year after the initiation of operation whether the project is capable of meeting the project performance standards [40 CFR 35.2214(d)].



b. Special Conditions (Cont'd)

8. Subagreements and Contracts

- a. The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 33.
- b. A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 33. The submittal of the proposed subagreements and contracts shall include the procurement records required in Appendix A to 40 CFR Part 33.
- c. The grantee shall submit to the Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.

9. Flood Insurance

The grantee agrees to acquire and maintain at his own cost any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended. This condition shall not be applicable if, on the date of execution of this Assistance Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location.

10. Land Acquisition

The grantee shall not make any offer to acquire allowable real property until the Regional Administrator approves the price the grantee will offer the property owner (40 CFR 35.2210).

11. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or eligibility of any other costs will be subject to final review, including project officer review, audit review and final determination of the Grant Approving official.

b. Special Conditions (Cont'd)

12. Prior to the advertisement for construction bids the grantee agrees to submit to the Regional Administrator for approval the following:

- (a) A draft plan of operation (40 CFR 35.2106);
- (b) A user charge system (40 CFR 35.2140); and
- (c) Final design drawings and specifications (refer to 40 CFR 35.2040 (b) (6)).

13. Award Restrictions

No portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74."

# PART IV

**NOTE:** The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

## OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers assistance/amendment to the Salt Rock Public Service District

for 75.73 % of all approved costs incurred up to and not exceeding \$ 4,403,580

for the support of approved budget period effort described in application (including all application modifications)

C-5-0438-01 Salt Rock Public Service District included herein by reference.

ISSUING OFFICE (Grants Administration Office)	AWARD APPROVAL OFFICE
ORGANIZATION/ADDRESS Environmental Protection Agency Grants Management Section (3PM32) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106	ORGANIZATION/ADDRESS Environmental Protection Agency Water Management Division (3WM00) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL Thomas P. Eichler  
TYPED NAME AND TITLE Regional Administrator

DATE SEP 22 1983

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

SIGNED IN BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

HAROLD JOHNSON, CHAIRMAN

DATE 10/6/83

PART B  
GRANT AMENDMENT

**OFFER AND ACCEPTANCE OF FEDERAL GRANT FOR SEWER TREATMENT WORKS**  
**UNDER 33 U.S.C. 466 et seq.**  
*(See instructions on page 3)*

**PART B - SUPPLEMENTAL PROJECT INFORMATION**

**NOTE:** The CONTRACT SHALL NOT BE AWARDED UNTIL PART B AND ATTACHMENTS HAVE BEEN APPROVED by the Environmental Protection Agency and, where required, by the appropriate State agency. Therefore, the Applicant should submit this form and the required attachments as soon as possible after bids are opened. The prompt submission of this form will give the State agency and the Environmental Protection Agency sufficient time to approve Part B and to notify the Applicant that the contract may be awarded before the time period expires within which bids must be accepted. Part B should present all information necessary to indicate fulfillment of all conditions to the offer included in Part A of the Offer and Acceptance.

LOCATION OF PROJECT (State, County, City)

West Virginia, Cabell County, Ona

PROJECT NUMBER

C-540438-01

LEGAL NAME AND ADDRESS OF APPLYING AUTHORITY (herein called the "Applicant")

Salt Rock Sewer Public Service District  
 P. O. Box 510  
 Ona, West Virginia 25545

SUMMARY OF MAJOR CHANGES (if any) IN THE PROJECT SINCE GRANT OFFER WAS ACCEPTED.

None

HAVE THERE BEEN ANY CHANGES IN THE FINAL PLANS AND SPECIFICATIONS SINCE DATE OF APPROVAL BY THE ENVIRONMENTAL PROTECTION AGENCY? ADMINISTRATION?

☒ YES ☐ NO

Addendum 1, July 3, 1986, Addendum 2, July 3, 1986

IF YES, HAVE THESE CHANGES BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY?

☒ YES ☐ NO

TE DATA:

A. If not previously submitted,

1. Attach a legal description of the site on which project is to be constructed.
2. Attach an opinion signed by competent title counsel describing the interest the Applicant has in the site, including information as to any easements and rights of way, and certifying that the estate or interest is legal and valid.

The opinion should also include information as to whether or not:

- (a) The Applicant (or the present owner if fee simple title has not been or is not to be acquired) has good and valid title to the entire site (excluding easements and rights of way) free and clear of any pre-existing mortgages, deeds or trust, liens, or other encumbrances which would affect the value or usefulness of the site for the purpose intended; and
- (b) Any deeds or documents required to be recorded in order to protect the title of the owner and the interest the Applicant have been duly recorded or filed for record whenever necessary.

TOTAL PROJECT		
A. CONSTRUCTION (See attached calculations)		
(1) CONTRACT NO. A	\$ 2,100,000.00	\$ 2,089,500.00
(2) CONTRACT NO. B	\$ 694,000.00	\$ 694,000.00
(3) CONTRACT NO. C	\$ 615,418.19	\$ 562,402.19
(4) CONTRACT NO. D	\$ 731,505.90	\$ 692,819.90
(5) CONTRACT NO. E	\$ 1,890,939.47	\$ 1,755,073.47
(6) LATER CONTRACTS	\$	\$
(7) EQUIPMENT AND MATERIALS Septic Pumper & Line Cleaner	\$ 100,000.00	\$ 100,000.00
(SUB-TOTAL)	\$ 6,131,863.56	\$ 5,893,795.56
B. TECHNICAL SERVICES See Attached Calculations	\$	\$
Eligible shown as a Conversion for 75% Eligibility	\$ 1,029,681.00	\$ 917,005.00
C. LEGAL AND FISCAL	\$ 78,754.00	\$ -0-
D. ADMINISTRATIVE	\$ 10,000.00	\$ 10,000.00
E. CONTINGENCY \$300,797 Construction \$63,645 Other Costs	\$ 364,442.00	\$ 289,420.00
F. OTHER (specify) See Attached Breakdown	\$ 288,474.00	\$ -0-
G. SITE Malcolm Springs \$25,000; Condemnations \$40,000; Railroad Permits \$2,550; R/W \$27,768	\$ 95,318.00	\$
H. TOTAL	\$ 7,998,532.56	\$ 7,110,220.56

EXPIRATION DATE FOR WAGE DETERMINATION

7. Attach the following information:

- A detailed breakdown supporting the project cost estimate summary.
- Tabulations of all bids received.
- Copies of the bid the Applicant wishes to accept.
- Evidence of advertising.

B. FUNDS AVAILABLE FOR CONSTRUCTION OF THE PROJECT		AMOUNT
A. CASH (including net receipts from bonds sold)	Interest Earned	\$ 225,000.00
B. GENERAL OBLIGATION BONDS		\$
C. REVENUE BONDS OR CERTIFICATES	WDA Loan 40 Years @ 7% with 15% Coverage	\$ 1,227,832.56
D. OTHER (specify)	User Fee 735 x \$250 x 80%	\$ 147,000.00
E. STATE AID	WDA \$1,000,000	\$ 1,000,000.00
F. FEDERAL GRANT	Construction EPA @ 75% = \$4,145,345.67 @ 85% \$558,184.80 Other Costs \$695,254.00	\$ 5,398,700.00
G. TOTAL		\$ 7,998,532.56

The undersigned representative of the Applicant certifies that the information contained above and in any attached statements and materials in support thereof, is true and correct to his best knowledge.

SIGNATURE OF AUTHORIZED REPRESENTATIVE  
  
NAME AND TITLE OF REPRESENTATIVE (Type or Print)

DATE  
8/18/86

Gail H. Paugh, Chairman

DO NOT AWARD CONTRACTS UNTIL PART B AND ATTACHMENTS HAVE BEEN APPROVED by the Environmental Protection Agency, where required by the appropriate State agency.

Copies of Part B are to be submitted to the Environmental Protection Agency through the State agency, where required, with supporting documents as soon as possible after construction bids are opened.

Describe briefly any major changes in the project since the grant offer was accepted which have resulted in a functional change (e.g. from activated sludge process to high-rate filters) or a change in the cost of the project.

Project cost estimate summary. Be sure to enter date of expiration of wage determination.

The "Total Project" column is intended to show total cost of the project whether or not such costs are eligible for Federal assistance; the "For grant participation" column is to include only those costs in which the Federal government is participating.

(1) to (5) - Enter the amount of the bid or bids the Applicant wishes to accept. If these are not the lowest bids received, full justification for award to other than the low bidder must accompany the form.

(6) - If other construction contracts for this project have been awarded or will be awarded at a later date, enter the actual or estimated costs as applicable.

(7) - If equipment or materials are to be or have been purchased outside the construction contracts, enter the estimated or actual costs as applicable.

Attachment D. - If not previously submitted, attach copies of any applicable contracts or agreements; if formal agreements do not exist, provide information regarding the basis for determining such costs.

Funds available for construction of the project.

Attachment C. - Enter the amount of general obligation bonds and revenue bonds or certificates authorized but not yet sold.

- Enter the amount of the grant, if any, offered by the State.

- Enter the amount of the grant offered, or if item "6H - For Grant Participation" above is less than the amount upon which the grant offer was based, the amount which can be supported by the new cost figures.

- Total funds available must equal or exceed item "6H - For Grant Participation" above.

Form must be signed by the Applicant's authorized representative.





RECEIVED

SEP 12 1986

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

HARDSHIP GRANT AGREEMENT

WATER DEVELOPMENT AUTHORITY

1. GRANT RECIPIENT (NAME AND ADDRESS):

COUNTY: Cabell

Salt Rock Sewer Public Service District  
P. O. Box 510  
Ona, WV 25545

2. GRANT RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):

Salt Rock Sewer Public Service District  
P. O. Box 510  
Ona, WV 25545

3. GRANT PAYEE (NAME AND ADDRESS):

Salt Rock Sewer Public Service District  
P. O. Box 510  
Ona, WV 25545

4. APPROVED AMOUNT OF GRANT: \$ 1,000,000.00

5. PAYMENTS WILL USUALLY BE INITIATED BY THE WDA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

ALL GRANTS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 1986, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH GRANT FUNDS ARE TO BE USED:

Construction of a combined gravity/pressure sewage collection system and a .26 MGD oxidation ditch sewage treatment plant.

7. TOTAL COSTS

\$ 5,814,500

ELIGIBLE COSTS

\$ 5,814,500

FEDERAL (EPA) GRANT AMOUNT

\$ 4,403,580

STATE (WDA) HARDSHIP GRANT AMOUNT

\$ 1,000,000

8. GRANT OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A HARDSHIP GRANT TO Salt Rock Sewer Public Service District, SUCH GRANT NOT TO EXCEED \$ 1,000,000.00 FOR SUPPORT OF COSTS DESCRIBED IN THIS GRANT AGREEMENT AND ITS APPLICATION WHICH IS HEREBY MADE A PART OF THIS AGREEMENT.

REPAYMENT OF LOANS. THE GRANT RECIPIENT AGREES TO PROVIDE IMMEDIATE PAYMENT IN FULL OF ANY LOANS AND SERVICE CHARGES DUE THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN ACCORDANCE WITH REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY PURSUANT TO, AND NOT IN BREACH OF, THE PROVISIONS OF SUCH AGREEMENT, OR BY SUBSEQUENT AGREEMENT OF THE PARTIES, OR IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE APPLICANT WHETHER OR NOT IN BREACH OF THIS AGREEMENT, THE STATE GRANT WILL BE IMMEDIATELY WITHDRAWN.

SPECIAL PROVISIONS: Salt Rock Sewer Public Service District AGREES TO THE FOLLOWING:

DURING THE CONSTRUCTION OF ITS SEWER FACILITY, THE GRANT RECIPIENT WILL PROVIDE AND MAINTAIN COMPETENT AND ADEQUATE ENGINEERING AND OVERSEEING SERVICES SATISFACTORY TO THE AUTHORITY COVERING THE SUPERVISION AND INSPECTION OF THE DEVELOPMENT AND CONSTRUCTION OF THE PROJECT AND BEARING THE RESPONSIBILITY FOR ENSURING THAT CONSTRUCTION CONFORMS WITH THE APPROVED FINANCING ARRANGEMENTS, SURVEYS, PLANS, PROFILES, CROSS SECTIONS AND SPECIFICATIONS AND CERTIFYING TO THE AUTHORITY, DURING AND AT COMPLETION OF CONSTRUCTION, THAT FINANCING AND CONSTRUCTION ARE IN ACCORDANCE WITH APPROVED FINANCIAL ARRANGEMENTS, SURVEYS, PLANS, PROFILES, CROSS SECTIONS AND SPECIFICATIONS OR APPROVED AMENDMENTS THERETO.

FINANCING OF THE SEWER PROJECT, INCLUDING THE ACQUISITION AND DOCUMENTATION OF ALL FUNDING AS WELL AS INITIATION OF CONSTRUCTION OF THE PROJECT, MUST TAKE PLACE WITHIN 120 DAYS OF THE DATE OF ISSUANCE OF THIS GRANT. FAILURE TO COMPLY WITH THIS REQUIREMENT WILL RESULT IN AUTOMATIC WITHDRAWAL OF THIS GRANT.

GENERAL. THIS GRANT AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL GRANT REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540438-01 CONSUMMATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND Salt Rock Sewer PSD  
OFFERED ON 9-22-83 AND  
ACCEPTED ON 10-06-83.

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry  
TITLE: Director  
SIGNATURE: *Edgar N. Henry*  
DATE: September 2, 1986

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 2nd DAY OF September,  
1986.

NOTARY: *Barbara Butcher Meadows*  
COMMISSION EXPIRES: January 17, 1994

10. NAME AND TITLE OF RECIPIENT  
ORGANIZATION REPRESENTATIVE: Mr. Gail H. Paugh, Chairman  
TITLE: Salt Rock Sewer Public Service District  
SIGNATURE: *Gail H. Paugh*  
DATE: 9-8-86

STATE OF WEST VIRGINIA, COUNTY OF Cabell.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 8th DAY OF September,  
1986.

NOTARY: *John Scott Taylor*  
COMMISSION EXPIRES: June 15, 1996

NOTE: THE GRANT AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE GRANT OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE AUTHORITY.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WV 25064.



SALT ROCK SEWER PUBLIC SERVICE DISTRICT

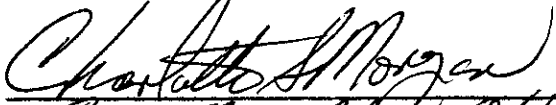
Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

ACCEPTANCE OF DUTIES OF REGISTRAR

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with Salt Rock Sewer Public Service District Sewer Revenue Bonds, Series 1987 A and Series 1987 B, all dated April 15, 1987, in the aggregate principal amount of \$1,476,250 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 15th day of April, 1987.

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION

By   
Its Corp. Trust Admin. Officer

04/07/87  
SROCK1-Q



# The First Huntington National Bank

1000 Fifth Ave. P.O. Box 179 Huntington, West Virginia 25706-0179 (304) 526-4200

## SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

## ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

The First Huntington National Bank, a national banking association, with principal office in Huntington, West Virginia, hereby accepts appointment as Despository Bank in connection with a Bond and Notes Resolution of Salt Rock Sewer Public Service District, adopted April 13, 1987, authorizing issuance of the District's Sewer Revenue Bonds, Series 1987 A and Series 1987 B, both dated April 15, 1987, in the aggregate principal amount of \$ 1,476,250 (Collectively, the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Resolution.

Dated this 15th day of April, 1987.

THE FIRST HUNTINGTON NATIONAL BANK

By: 

Its

SENIOR TRUST OFFICER

03/27/87  
SROCKI-R





SALT ROCK SEWER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds.  
Series 1987 A and Series 1987 B

CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN Corporate Trust Administrative Officer of Kanawha Valley Bank, National Association, as Registrar under the Local Act and Registrar's Agreement providing for the \$1,476,250 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B, of Salt Rock Sewer Public Service District (the "Issuer"), hereby certify that on the 15th day of April, 1987, the single fully registered Series 1987 A Bond of the Issuer in the principal amount of \$1,185,479 designated "Sewer Revenue Bond, Series 1987 A," numbered AR-1, and the single fully registered Series 1987 B Bond of the Issuer in the principal amount of \$290,771 designated "Sewer Revenue Bond, Series 1987 B," numbered BR-1, were registered as to principal and interest (the Series 1987 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Kanawha Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 15th day of April, 1987.

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION

By

Its

Charlotte S. Morgan  
Corp Trust Admin Officer

04/07/87  
SROCK1-S



## REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 15th day of April, 1987, by and between SALT ROCK SEWER PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia (the "Issuer"), and KANAWHA VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,476,250 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond and Notes Resolution adopted April 13, 1987, and a Supplemental Resolution adopted April 13, 1987 (collectively, the "Local Act");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or

by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Local Act will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:	Salt Rock Sewer Public Service District
	Post Office Box 510
	Ona, West Virginia 25546
	Attention: Chairman

REGISTRAR: Kanawha Valley Bank, National Association  
One Valley Square  
Post Office Box 1793  
Charleston, West Virginia 25301  
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, SALT ROCK SEWER PUBLIC SERVICE DISTRICT and KANAWHA VALLEY BANK, NATIONAL ASSOCIATION have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

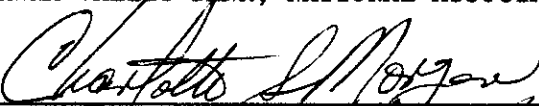
SALT ROCK SEWER PUBLIC SERVICE DISTRICT

By

  
Chairman, Public Service Board

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION

By

  
Its Corp Trust Admin Officer

04/07/87  
SROCK1-T

EXHIBIT A

[Included in transcript as Document No. 1]

# INVOICE



ONE FINANCIAL PLACE  
Kanawha Valley Bank, N.A.

SALT ROCK SEWER PUBLIC SERVICE  
DISTRICT

APRIL 15, 1987

DATE: \_\_\_\_\_

UNITS	ITEM DESCRIPTION	TOTAL
	1987 SEWER REVENUE BONDS, SERIES A \$1,185,479 & SERIES B \$290,771	
	SERVICES AS AUTHENTICATING AGENT AND REGISTRAR ONE TIME FEE.....	\$500.00

SEND REMITTANCE TO:

KANAWHA VALLEY BANK, N.A.  
CORPORATE TRUST DEPARTMENT  
P.O. BOX 1793  
CHARLESTON, W.VA. 25326-1793

CHARLOTTE S.  
MORGAN







**STATE OF WEST VIRGINIA  
DEPARTMENT OF NATURAL RESOURCES  
CHARLESTON 25306**

**ARCH A. MOORE, JR.**  
Governor

**RONALD R. POTESTA**  
Director

**MICHAEL A. FOTOS**  
Deputy Director

December 31, 1986

Mr. Gail H. Paugh, Chairman  
Salt Rock Sewer Public Service District  
Post Office Box 510  
Ona, West Virginia 25545

**CERTIFIED RETURN RECEIPT REQUESTED**

Dear Mr. Paugh:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0084450 dated the 31st day of December 1986 for Salt Rock Sewer Public Service District at Ona, West Virginia.

If you have any questions, please do not hesitate to contact Mike Warwick of this office at 348-4086.

Sincerely,

DIVISION OF WATER RESOURCES

*P. Sangani*  
Pravin G. Sangani  
Section Leader  
Permits Branch

PGS:mla

Enclosure

*Permit to S. 3111*



STATE OF WEST VIRGINIA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF WATER RESOURCES  
CHARLESTON 25305

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0084450

Issue Date: December 31, 1986

Subject: Sewage Facilities

Effective Date: January 31, 1987

Expiration Date: December 30, 1991

Supersedes: N/A

Location:

Ona

Cabell

Guyandotte

(City)

(County)

(Drainage Basin)

Outlet Latitude: 38° 26' 26" N  
Sites Longitude: 82° 11' 55" W

To whom it may concern:

This is to certify that

Salt Rock Sewer Public Service District  
Post Office Box 510  
Ona, West Virginia 25545

is hereby granted a NPDES Water Pollution Control Permit to construct and install approximately 5,000 linear feet of 4 inch sewer line, 20,000 linear feet of 6 inch sewer line, 56,020 linear feet of 8 inch sewer line, 7,300 linear feet of 10 inch sewer line, 346 manholes, 38 cleanouts, eight(8) lift stations, 1,550 linear feet of 2 inch force main, 7,000 linear feet of 3 inch force main, 8,500 linear feet of 4 inch force main, 3,300 linear feet of 8 inch force main, one(1) 0.256 MGD oxidation ditch sewage treatment system consisting of septage preaeration, mechanical bar screen, grit chamber, one(1) 314,758 gallon oxidation ditch, one(1) 51,000 gallon clarifier, ultraviolet disinfection, cascade aeration, one(1) 8,886 gallon sludge holding tank, vacuum drying beds (864 ft<sup>2</sup>) and all necessary appurtenances; to operate and maintain the above to serve a maximum of 3,096 persons in Salt Rock Sewer Public Service District and discharge the treated wastewater to Mud River (13.0 miles from its mouth) of Guyandotte River.

This permit is subject to the following terms and conditions:

The information submitted on and with Permit Application No. WV0084450 dated the 31st day of July 1986 is all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D, E, F, and G.

SEWAGE TREATMENT FACILITIES CONSTRUCTED IN ACCORDANCE WITH:

Plans:

Date Received: April 10, 1986

Prepared By: Dunn Engineers, Inc., Charleston, West Virginia.

Title: Salt Rock Sewer PSD, Contract A-Treatment Plant, Contract B-  
Pump Stations, Contracts C-E - Sanitary Sewers.

Specifications and Reports:

Date Received: April 10, 1986

Prepared By: Dunn Engineers, Inc., Charleston, West Virginia.

Title: Salt Rock Sewer PSD, Contract A-Treatment Plant, Contract B-  
Pump Stations, Contracts C-E - Sanitary Sewers.

Winter Conditions (November 1 through April 30)

#### A. DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS

During the period beginning January 31, 1987 and lasting through midnight, December 30, 1991 the permittee is authorized to discharge from outlet number(s) 001-Discharge from sewage treatment facilities

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations		Other Units (Specify)		Monitoring Requirements	
	Avg. Monthly	(Quantity) lbs/day Max. Daily	Avg. Monthly	Max. Daily	Measurement Frequency	Sample Type
Flow			0.256 MGD		Continuous	Measured
Biochemical Oxygen Demand (5-Day)	64.1	128.2	30 mg/l	60 mg/l	1/Month	8 hr. composite
Total Suspended Solids	64.1	128.2	30 mg/l	60 mg/l	1/Month	8 hr. composite
Ammonia Nitrogen NH <sub>3</sub> N	17.1	34.2	8 mg/l	16 mg/l	1/Month	8 hr. composite
Fecal Coliform			200 $\frac{\text{counts}}{100 \text{ ml}}$	400 $\frac{\text{counts}}{100 \text{ ml}}$	1/Month	Grab
Dissolved Oxygen			Not less than 6.0 mg/l at any given time		1/Month	Grab
Total Residual Chlorine			Not more than 15.0 ug/l at any given time		1/Month	Grab

The pH shall not be less than 6.0 standard units and not greater than 9.0 standards units and shall be monitored monthly by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent BOD<sub>5</sub> samples shall be collected at a location immediately preceding disinfection. Other effluent samples shall be collected at or as near as possible to the point of discharge.

This discharge shall not cause violation of Series I, Section 3 of the West Virginia Legislative Rules issued pursuant to Chapter 20, Article 5A.

Summer Conditions (May 1 through October 31)

#### A. DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS

During the period beginning January 31, 1987 and lasting through midnight, December 30, 1991 the permittee is authorized to discharge from outlet number(s) 001-Discharge from sewage treatment facilities

Such discharges shall be limited and monitored by the permittee as specified below:

<u>Effluent Characteristic</u>	<u>Discharge Limitations</u>		<u>Other Units (Specify)</u>		<u>Monitoring Requirements</u>	
	<u>Avg. Monthly</u>	<u>(Quantity) lbs/day</u> <u>Max. Daily</u>	<u>Avg. Monthly</u>	<u>Max. Daily</u>	<u>Measurement Frequency</u>	<u>Sample Type</u>
Flow			0.256 MGD		Continuous	Measured
Biochemical Oxygen Demand (5-Day)	32.0	64.1	15 mg/l	30 mg/l	1/Month	8 hr. composite
Total Suspended Solids	64.1	128.2	30 mg/l	60 mg/l	1/Month	8 hr. composite
Ammonia Nitrogen (NH <sub>3</sub> N)	8.5	17.1	4 mg/l	8 mg/l	1/Month	8 hr. composite
Fecal Coliform			200 $\frac{\text{counts}}{100 \text{ ml}}$	400 $\frac{\text{counts}}{100 \text{ ml}}$	1/Month	Grab
Dissolved Oxygen			Not less than 6.0 mg/l at any given time		1/Month	Grab
Total Residual Chlorine			Not more than 15.0 ug/l at any given time		1/Month	Grab

The pH shall not be less than 6.0 standard units and not greater than 9.0 standards units and shall be monitored monthly by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent BOD<sub>5</sub> samples shall be collected at a location immediately preceding disinfection. Other effluent samples shall be collected at or as near as possible to the point of discharge.

This discharge shall not cause violation of Series I, Section 3 of the West Virginia Legislative Rules issued pursuant to Chapter 20, Article 5A.

B. SCHEDULE OF COMPLIANCE .

1. The permittee shall achieve compliance with the provisions for waste treatment and the discharge limitations specified in this permit in accordance with the following schedule:

On or before April 1, 1987	- Begin construction
On or before May 1, 1988	- Complete construction
On or before July 1, 1988	- Attain operational level

2. Reports of compliance or noncompliance with, and progress reports on the interim and final requirements contained in the above compliance schedule, shall be submitted no later than 14 days following each schedule date.

## 1. Duty to Comply

- a) The permittee must comply with all conditions of this permit. Permit noncompliance constitutes a violation of the CWA and State Act and is grounds for enforcement action; for permit modification, revocation and reissuance, suspension or revocation; or for denial of a permit renewal application.
- b) The permittee shall comply with all effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not yet been modified to incorporate the requirement.

## 2. Duty to Reapply

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit at least 180 days prior to expiration of the permit.

## 3. Duty to Mitigate

The permittee shall take all reasonable steps to minimize or prevent any discharge in violation of this permit, which has a reasonable likelihood of adversely affecting human health or the environment.

## 4. Permit Actions

This permit may be modified, revoked and reissued, suspended, or revoked for cause. The filing of a request by the permittee for a permit modification, revocation and reissuance or revocation or a notification of planned changes or anticipated non-compliance, does not stay any permit condition.

## 5. Property Rights

This permit does not convey any property rights of any sort or any exclusive privilege.

## 6. Signatory Requirements

All applications, reports, or information submitted to the Chief shall be signed and certified as required in Series II, Section 4.6 of the West Virginia Legislative Rules of the State Water Resources Board.

## 7. Transfers

This permit is not transferable to any person, except after notice to the Chief. The Chief may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary.

## 8. Duty to Provide Information

The permittee shall furnish to the Chief, within a specified time, any information which the Chief may request to determine whether cause exists for modifying, revoking and reissuing, suspending, or revoking this permit, or to determine compliance with this permit. The permittee shall also furnish to the Chief, upon request, copies of records required to be kept by this permit.

## 9. Other Information

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Chief, it shall promptly submit such facts or information.

## 10. Inspection and Entry

The permittee shall allow the Chief, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to:

- a) Enter upon the permittee's premises in which an effluent source or activity is located, or where records must be kept under the conditions of this permit;
- b) Have access to any copy at reasonable times, any records that must be kept under the conditions of this permit;
- c) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit; and
- d) Sample or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any locations.

## 11. Permit Modification

This permit may be modified, suspended, or revoked in whole or in part during its terms in accordance with the provisions of Chapter 20-5A-8 of the Code of West Virginia.

An application for a modification of this permit must be submitted to this agency at least ninety (90) days prior to the proposed modification.

## 12. Water Quality

The effluent or effluents covered by this permit are to be of such quality so as not to cause violation of applicable water quality standards adopted by the State Water Resources Board.

## 13. Outlet Markers

A permanent marker at the establishment shall be posted in accordance with Series III, Section 9 of the West Virginia Legislative Rules promulgated pursuant to Chapter 20, Article 5A.

## 14. Liabilities

- a) Any person who violates a permit condition implementing sections 301, 302, 306, 307, 308, 318 or 405 of the Clean Water Act is subject to a civil penalty not to exceed \$10,000 per day of such violation. Any person who willfully or negligently violates permit conditions implementing sections 301, 302, 306, 307, or 308 of the Clean Water Act is subject to a fine of not less than \$2,500 nor more than \$25,000 per day of violation, or by imprisonment for not more than 1 year, or both.
- b) Any person who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit shall, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
- c) Any person who knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit, including monitoring reports or reports of compliance or noncompliance shall, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
- d) Nothing in C. 14, a), b) and c) shall be construed to limit or prohibit any other authority the Chief may have under the State Water Pollution Control Act, Chapter 20, Article 5A.

D. OPERATION AND MAINTENANCE

1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures. Unless otherwise required by Federal or State law, this provision requires the operation of back-up auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with the conditions of the permit. For domestic waste treatment facilities, waste treatment operators as classified by State Health Department Regulations authorized under Chapter 16, Article I, Public Health Laws, Code of West Virginia, will be required except that in circumstances where the domestic waste treatment facility is receiving any type of industrial waste, the Chief may require a more highly skilled operator.

2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

3. Bypass

a) Definitions

- (1) "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility; and
- (2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

- b) Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions of D.3.c) and D.3. d) of this permit.

- c) (1) If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least ten (10) days before the date of the bypass;
- (2) If the permittee does not know in advance of the need for a bypass, notice shall be submitted as required in F.2.b) of this permit.

d) Prohibition of bypass

- (1) Bypass is permitted only under the following conditions, and the Chief may take enforcement action against a permittee for bypass, unless:
  - (A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;
  - (B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and
  - (C) The permittee submitted notices as required under D.3. c) of this permit.
- (2) The Chief may approve an anticipated bypass, after considering its adverse effects, if the Chief determines that it will meet the three conditions listed in D.3. d) (1) of this permit.

4. Upset

- a) Definition. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.
- b) Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the requirements of D.4. c) are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.
- c) Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:
- (1) An upset occurred and that the permittee can identify the specific cause(s) of the upset;
  - (2) The permitted facility was at the time being properly operated;
  - (3) The permittee submitted notice of the upset as required in F.2. b) of this permit.
  - (4) The permittee complied with any remedial measures required under C.3. of this permit.
- d) Burden of proof. In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

5. Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permit by the Chief, any solids, sludges, filter backwash or other pollutants (removed in the course of treatment or control of wastewater) and which are intended for disposal within the State, shall be disposed of only in a manner and at a site subject to the approval by the Chief. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Chief in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended place of disposal or use, as appropriate.



## E. MONITORING AND REPORTING

Page 6 of 9  
Permit No. WV0084450

### 1. Representative Sampling

Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.

### 2. Reporting

a) Permittee shall submit each month, ~~quarter~~ <sup>quarterly</sup> year, according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration, and/or quantities, the values of the constituents listed in Part A analytically determined to be in the plant effluent(s).

b) The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:

Chief  
Division of Water Resources  
1201 Greenbrier Street  
Charleston, WV 25311  
Attention: Municipal Waste Section

c) Enter reported average and maximum values under "Quantity" and "Concentration" in the units specified for each parameter, as appropriate.

d) Specify the number of analyzed samples that exceed the allowable permit conditions in the columns labeled "N.E." (i.e., number exceeding).

e) Specify frequency of analysis for each parameter as no. analyses/specified period (e.g. "3/month is equivalent to 3 analyses performed every calendar month). If continuous, enter "Cont.". The frequency listed on format is the minimum required.

### 3. Test Procedures

Samples shall be taken, preserved and analyzed in accordance with 40 CFR Part 136, as in effect July 1, 1985 unless other test procedures have been specified elsewhere in this permit.

### 4. Recording of Results

For each measurement or sample taken pursuant to the requirements of this permit, the permittee shall record the following information:

a) The date, exact place, and time of sampling or measurement;

b) The date(s) analyses were performed;

c) The individual(s) who performed the sampling or measurement;

d) The individual(s) who performed the analyses; if a commercial laboratory is used, the name and address of the laboratory;

e) The analytical techniques or methods used, and

f) The results of such analyses.

This information is not to be submitted to this agency, but is to be retained as required in E.6.

### 5. Additional Monitoring by Permittee

If the permittee monitors any pollutant at any monitoring point specified in this permit more frequently than required by this permit, using approved test procedures or others as specified in this permit, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the Discharge Monitoring Report Form. Such increased frequency shall also be indicated.

Calculations for all limitations which require averaging of measurements shall utilize an arithmetic mean unless otherwise specified in the permit.

### 6. Records Retention

The permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for this permit, for a period of at least three (3) years from the date of the sample, measurement, report or application. This period may be extended by request of the Chief at any time.

### 7. Definitions

a) "Daily discharge" means the discharge of a pollutant measured during a calendar day or within any specified period that reasonably represents the calendar day for purposes of sampling. For pollutants with limitations expressed in units of mass, the daily discharge is calculated as the total mass of the pollutant discharged over the day. For pollutants with limitations expressed in other units of measurement, the daily discharge is calculated as the average measurement of the pollutant over the day.

b) "Average monthly discharge limitation" means the highest allowable average of daily discharges over a calendar month, calculated as the sum of all daily discharges measured during a calendar month divided by the number of daily discharges measured during that month.

c) "Maximum daily discharge limitation" means the highest allowable daily discharge.

d) "Composite Sample" is a combination of individual samples obtained at regular intervals over a time period. Either the volume of each individual sample is proportional to discharge flow rates or the sampling interval (for constant volume samples) is proportional to the flow rates over the time period used to produce the composite. The maximum time period between individual samples shall be two hours.

e) "Grab Sample" is an individual sample collected in less than 15 minutes.

f) "i-s" = Immersion stabilization - a calibrated device is immersed in the effluent stream until the reading is stabilized.

g) The "daily average temperature" means the arithmetic average of temperature measurements made on an hourly basis, or the mean value plot of the record of a continuous automated temperature recording instrument, either during a calendar month, or during the operating month if flows are of shorter duration.

h) The "daily maximum temperature" means the highest arithmetic average of the temperatures observed for any two (2) consecutive hours during a 24-hour day, or during the operating day if flows are of shorter duration.

i) The "daily average fecal coliform" bacteria is the geometric average of all samples collected during the month.

j) "Measured Flow" means any method of liquid volume measurement, the accuracy of which has been previously demonstrated in engineering practice, or for which a relationship to absolute volume has been obtained.

k) "Estimate" means to be based on a technical evaluation of the sources contributing to the discharge including, but not limited to pump capabilities, water meters and batch discharge volumes.

l) "Non-contact cooling water" means the water that is contained in a leak-free system, i.e. no contact with any gas, liquid, or solid other than the container for transport; the water shall have no net poundage addition of any pollutant over intake water levels, exclusive of approved anti-fouling agents.

F. OTHER REPORTING

1. Reporting Spills and Accidental Discharges

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities, or penalties established pursuant to Series III, Section 2 of the West Virginia Legislative Rules promulgated pursuant to Chapter 20, Article 5A.

Attached is a copy of the West Virginia Spill Alert System for use in complying with Series III, Section 2 of the rules as they pertain to the reporting of spills and accidental discharges.

2. Immediate Reporting

- a) The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming aware of the circumstances by using the Division's designated spill alert telephone number. A written submission shall be provided within five (5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.
- b) The following shall also be reported immediately:
  - (1) Any unanticipated bypass which exceeds any effluent limitation in the permit;
  - (2) Any upset which exceeds any effluent limitation in the permit; and
  - (3) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Chief in the permit to be reported immediately. This list shall include any toxic pollutant or hazardous substance, or any pollutant specifically identified as the method to control a toxic pollutant or hazardous waste.
- c) The Chief may waive the written report on a case-by-case basis if the oral report has been received in accordance with the above.
- d) Compliance with the requirements of F.2. of this section, shall not relieve a person of compliance with Series III, Section 2 of the Board's rules.

3. Reporting Requirements

- a) Planned changes. The permittee shall give notice to the Chief as soon as possible of any planned physical alterations or additions to the permitted facility which may affect the nature or quantity of the discharge and of any planned changes in the method of operating the facility which may affect the nature or quantity of the discharge. Notice is required when:
  - (1) The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in Section 13.7.b of Series II of the Board's rules; or
  - (2) This notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under F.2. of this section.
- b) Anticipated noncompliance. The permittee shall give advance notice to the Chief of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.
- c) In addition to the above reporting requirements, all existing manufacturing, commercial, and silvicultural discharges must notify the Chief in writing as soon as they know or have reason to believe:
  - (1) That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, of any toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
    - (A) One hundred micrograms per liter (100 ug/l);
    - (B) Two hundred micrograms per liter (200 ug/l) for acrolein and acrylonitrile; five hundred micrograms per liter (500 ug/l) for 2, 4-dinitrophenol and for 2-methyl 4, 6-dinitrophenol; and one milligram per liter (1 mg/l) for antimony;
    - (C) Five (5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7 or 4.4.b.9 of Series II of the Board's rules; and
    - (D) The level established by the Chief in accordance with Section 6.3.g. of Series II of the Board's rules;
  - (2) That any activity has occurred or will occur which would result in any discharge (on a non-routine or infrequent basis) of a toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
    - (A) Five hundred micrograms per liter (500 ug/l);
    - (B) One milligram per liter (1 mg/l) for antimony;
    - (C) Ten (10) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7. of Series II of the Board's rules;
    - (D) The level established by the Chief in accordance with Section 6.3.g. of Series II of the Board's rules.
  - (3) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series II of the Board's rules and which will result in the discharge on a routine or frequent basis of that toxic pollutant at levels which exceed five times the detection limit for that pollutant under approved analytical procedure.
  - (4) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series II of the Board's rules and which will result in the discharge on a non-routine or infrequent basis of that toxic pollutant at levels which exceed ten times the detection limit for that pollutant under approved analytical procedure.

4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under the above paragraphs at the time monitoring reports are submitted. The reports shall contain the information listed in F.2.a).

#### G. OTHER REQUIREMENTS

- 1) The herein-described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level and operability be maintained during the twenty-five (25) year flood level.
- 2) The entire sewage treatment facility shall be adequately protected by fencing.
- 3) Continuous maintenance and operation of the listed sewage treatment facility shall be performed by or supervised by a certified operator possessing at least a class II certificate for Waste Water Treatment Plant Operators, issued by the State of West Virginia.
- 4) An instantaneous flow from the sewage disposal system shall not exceed the design flow at any given time.
- 5) The arithmetic mean of values for effluent samples collected in a period of seven(7) consecutive days shall not exceed the following:

Seven(7) Consecutive Day Average

<u>Parameter</u>	<u>Summer (May 1-Oct. 31)</u>	<u>Winter (Nov. 1-April 30)</u>
BOD <sub>5</sub>	22.5 mg/l	45 mg/l
TSS <sub>5</sub>	45 mg/l	45 mg/l
NH <sub>3</sub> N	6 mg/l	12 mg/l

The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this permit; with the plans and specifications submitted with Permit Application No. WV0084450, dated the 31st day of July, 19 86,  
\_\_\_\_\_; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the State Water Resources Board.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0084450, dated the 31st day of July, 19 86,  
\_\_\_\_\_, and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Article 5A, Chapter 20 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Article 5A, Chapter 20 of the Code of West Virginia and is transferable under the terms of Section 7 of said article.

By: \_\_\_\_\_

  
Chief



STATE OF WEST VIRGINIA  
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM  
DISCHARGE MONITORING REPORT

FACILITY NAME Salt Rock Sewer Public Service District

WASTELOAD FOR MONTH OF

19

LOCATION OF FACILITY Ona, Cabell County

OUTLET NUMBER 001-Discharge from sewage treatment facilities

PERMIT NUMBER WV0084450

Parameter	Quantity				Other Units				Measurement Frequency	Sample Type	
	Minimum	Avg. Monthly	Max. Daily	Units	N.E.	Minimum	Avg. Monthly	Max. Daily			Units
Flow, in Conduit or thru trmt. plant 50050	Reported	*****	*****	*****							
	Permit Limitation	*****	*****	*****	*****		N/A	0.256	N/A	MGD	Continuous
BOD, 5-Day (20 Deg. C) 00310	Reported										
	Permit Limitation	N/A	64.1	128.2	lbs/day		N/A	30	60	mg/l	1/Month
Solids, Total Suspended 00530	Reported										
	Permit Limitation	N/A	64.1	128.2	lbs/day		N/A	30	60	mg/l	1/Month
Ammonia Nitrogen NH <sub>3</sub> N 00610	Reported										
	Permit Limitation	N/A	17.1	34.2	lbs/day		N/A	8	16	mg/l	1/Month
pH 00400	Reported	*****	*****	*****	*****						
	Permit Limitation	*****	*****	*****	*****		6.0	N/A	9.0	Std. Units	1/Month
Coliform, Fecal General 74055	Reported	MF	-	MPN							
	Permit Limitation	Circle	Method	Used			N/A	200	400	counts/100 ml	1/Month
Oxygen, Dissolved 00300	Reported	*****	*****	*****	*****						
	Permit Limitation	*****	*****	*****	*****		6.0	N/A	N/A	mg/l	1/Month
<p>I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.</p>											Date Completed
Name of Principal Exec. Officer											
Title of Officer											
Signature of Principal Exec. Officer or Authorized Agent											

**STATE OF WEST VIRGINIA  
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM  
DISCHARGE MONITORING REPORT**

FACILITY NAME	Salt Rock Sewer Public Service District

WASTELOAD FOR MONTH OF:

19

**LOCATION OF FACILITY** Ona, Cabell County

OUTLET NUMBER	001-Discharge from sewage treatment facilities
001	001-Discharge from sewage treatment facilities

WV0084450

Parameter		Quantity				Other Units				Measurement		Sample Type
		Minimum	Avg. Monthly	Max. Daily	Units	N.E.	Minimum	Avg. Monthly	Max. Daily	Units	N.E.	
Chlorine, Total Residual 00610	Reported	*****	*****	*****	*****							
	Permit Limitation	*****	*****	*****	*****		N/A	N/A	15.0	ug/l		1/Month
	Reported											
	Permit Limitation											
	Reported											
	Permit Limitation											
	Reported											
	Permit Limitation											
	Reported											
	Permit Limitation											
	Reported											
	Permit Limitation											
	Reported											
	Permit Limitation											
Name of Principal Exec. Officer		<p>I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.</p>										
Title of Officer		<p>Signature of Principal Exec. Officer or Authorized Agent</p>										

## RIGHT OF APPEAL

Notice is hereby given of your right to appeal the terms and conditions of this permit which you are aggrieved by to the State Water Resources Board by filing a NOTICE OF APPEAL on the form prescribed by such Board for this purpose, with the Board, in accordance with the provisions of Section 15, Article 5A, Chapter 20 of the Code of West Virginia within thirty (30) days after the date of receipt of the above permit.



EMERGENCY RESPONSE SPILL ALERT SYSTEM  
WEST VIRGINIA DIVISION OF WATER RESOURCES

REQUIREMENTS:

West Virginia Administrative Regulations Series III, Section 1, State Water Resources Board, effective April 15, 1984.

RESPONSIBILITY FOR REPORTING:

Each and every person who may cause or be responsible for any spill or accidental discharge of pollutants into the waters of the State shall give immediate notification to the Division of Water Resources' Emergency Notification Number 1-800-642-3074. Such notification shall set forth insofar as possible and as soon thereafter as practical the time and place of such spill or discharge, type or types and quantity or quantities of the material or materials therein, action or actions taken to stop such spill or discharge and to minimize the polluting effect thereof, the measure or measures taken or to be taken in order to prevent a recurrence of any such spill or discharge and such additional information as may be requested by the Division of Water Resources. A written verification of such notification shall be submitted upon request of the Division of Water Resources. This also applies to spills to the waters of the State resulting from accidents to common carriers by highway, rail and water.

It shall be the responsibility of each industrial establishment or other entity discharging directly to a stream to have available the following information pertaining to those substances that are employed or handled in its operation in sufficiently large amounts as to constitute a hazard in case of an accidental spill or discharge into a public stream:

- 1) Potential toxicity in water to man, animals and aquatic life;
- 2) Details on analytical procedures for the quantitative estimation of such substances in water; and
- 3) Suggestions on safeguards or other precautionary measures to nullify the toxic effects of a substance once it has gotten into a stream.

Failure to furnish such information as required by Section 9, Article 5A, Chapter 20, Code of West Virginia shall be punishable under Section 19, Article 5A, Chapter 20, Code of West Virginia.

It shall be the responsibility of any person who causes or contributes in any way to the spill or accidental discharge of any pollutant or pollutants into State waters to immediately take any and all measures necessary to contain such spill or discharge. It shall further be the responsibility of such person to take any and all measures necessary to clean-up, remove, and otherwise render such spill or discharge harmless to the waters of the State.

When the Chief determines it necessary for the effective containment and abatement of spills and accidental discharges, the Chief may require the person or persons responsible for such spill or discharge to monitor affected waters in a manner prescribed by the Chief until the possibility of any adverse effect on the waters of the State no longer exists.

VOLUNTARY REPORTING BY LAW OFFICERS, U.S. COAST GUARD, LOCK MASTERS AND OTHERS:

In cases involving river and highway accidents where the responsible party may or may not be available to report the incident, law officers, U.S. Coast Guard, Lock Masters and other interested persons should make the report.

WHO TO CONTACT:

Notify Division Headquarters in Charleston, West Virginia at the following number: 1-800-642-3074. (This is a toll-free, 24-hour emergency response number.)

INFORMATION NEEDED:

- |  |  |
|--|--|
| - Source of spill or discharge               | - Personnel at the scene               |
| - Location of incident                       | - Actions initiated                    |
| - Time of incident                           | - Shipper/Manufacturer identification  |
| - Name of material spilled or discharged     | - Railcar/Truck identification numbers |
| - Amount of material spilled or discharged   | - Container type                       |
| - Toxicity of material spilled or discharged |  |



ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto Kanawha Valley Bank, National Association, Charleston, West Virginia, the Sewer Revenue Bond, Series 1987 A, of Salt Rock Sewer Public Service District in the principal amount of \$1,185,479, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: April 15, 1987.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

*Daniel B. Lyntosky*  
Authorized Representative

04/07/87  
SROCK1-U